

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

YEAR BOOK

SEPTEMBER 1944



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THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

The Outlook

THERE are several things which are going to hold business back during the critical reconversion period, unless we do some careful hurrying.

With all the blueprinting and planning done by government and business in the past year or so there is still a feeling on the part of business that something is seriously wrong in the reconversion picture—three things, in fact. As long as the future of taxation, government controls and labor relations remains obscure it takes a particularly tough optimist to feel complacent.

Taxes

Because of conflicting views and doctrines on the subject of taxes it is going to be very difficult to get any tax reform sufficiently liberal to stimulate the venturing spirit in business. Even the best friends of business do not see eye to eye on how to accomplish this result. There are those who feel that a drastic reduction or complete elimination of corporate taxes is the way to do it. Others believe that relief for individual income taxpayers would prove the greater stimulus.

Most of the reconversion talk and action has centered around termination loans, small business loans, soldier loans and loans of every kind, which is putting the cart before the horse. The problem is first of all one of improving the prospect of business profits.

Controls

Regarding the chances of getting rid of the incubus of government controls over all phases of business life, there has been more hopefulness than realism. It is going to be difficult to dispense with government controls because of their very nature. They tend to multiply, reproduce and perpetuate themselves, all true to type with the same inherited characteristics, including immortality.

There are various ways in which these controls can interfere with the reconversion machinery. Daily orders relating to everything from the spokes of baby carriage wheels to the size of salad bowls have a reasonable sound in the form of news releases. But anyone who has had experience in submitting reports and waiting for rulings on prices, priorities, manpower and all the myriad questions involved in managing a business, needs no convincing of the deleterious effects of "regulitis" on the body economic. There is nothing wrong with the idea of a planned economy. It is all a matter of who does the planning and how it is done.

Strikes

It is not overstating the case to say that the main thing standing between business and an epidemic of strikes today is the war, which, of course, will end.

As long as the war in Europe continues, it exerts a powerful restraining influence against strikes. When we have only Japan to fight, the reaction will be that it is all over but the striking and business will have little real protection.

This situation alone could be the Achilles' heel of the whole reconversion process unless employees are quickly placed in a better position to bargain with collective bargainers. Widespread strikes, at the very time when we must have widespread work, could demolish price ceilings, curtail purchasing power, and kill confidence.

Merchandising Teamwork

Meanwhile the greatest market of all time is eager and waiting for new automobiles, radios, homes, household equipment, and anything that money can buy.

One thing on the right side of this post-war ledger is the partnership in merchandising effort between business and the banks which is now in the process of developing. Two basic facts are:

Both the amount of individual deposits in banks and the potential lending power are greater by far than ever before.

Likewise, the productive capacity of industry is beyond anything in our previous experience.

These two conditions are inseparably linked together. The money is in the banks, either as potential loans or deposits, ready for spending as soon as goods are available. With an eye on the time when civilians can once more purchase the things they want, many banks are offering depositors an opportunity to save for specific purposes. There is nothing new about the idea except its vast possibilities.

Thus while banks and industry have a common interest in "buy-and-buy day," the service that the banks have to sell need not wait for the goods to be actually offered. Banks can sell planned saving with the prospect of a consumer loan if such is needed for down payments.

These savings programs do not follow any fixed pattern. They differ according to the bank, and the community. They are natural outgrowth of the fact that banks are in the middle of the picture, between producer and purchaser.

One thing already clearly revealed by the efforts of banks to merchandise present thrift for future buying is that goods still must be sold. There has been a tendency to feel that in the immediate post-war period there would be a rush of buyers without much effort on the part of sellers.

However, it would appear from the experience thus far that just because people have money in the bank is no assurance that they will be eager to spend it. The opposite is likely because saving is a habit and millions know now the satisfaction of having a few dollars ahead.

FIGHTING DOLLARS LAUNCHED THIS SHIP

... and below is the historic check presented to Secretary of the Navy, Frank Knox, in celebration of that fact



Let's all BACK THE ATTACK



When the people of Atlanta learned that their proud namesake cruiser, the U.S.S. Atlanta, had been sunk in the Solomons, they not only saw red—they saw Red, White and Blue. « « That very day, they set out to raise the money for a bigger and better "Atlanta." They organized a War Bond Drive which will go down in history. In less than 60 days they raised over \$63,000,000—going way beyond their quota, with enough left over to build two destroyer escorts to accompany the new Atlanta. « « The climax of this spectacularly successful War Bond Drive—initiated by the people of Atlanta and participated in by other loyal Georgians—was the presenta-

tion to Secretary of the Navy Knox of a token check for \$63,397,897.50 by John L. Conner, Chairman of the "New Atlanta Cruiser Committee." « « And it's not surprising that this historic check was on La Monte Safety Paper for a great majority of the Banks in the State of Georgia use this product to safeguard against alteration and counterfeiting the checks they themselves issue and those they supply to their depositors.

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Just a Minute



The public education group of the A.B.A. Post-War Small Business Credit Commission meets to discuss its plans and program

Banking Presents

HERE is BANKING's 1944 Year Book issue.

When introducing this hardy perennial we usually explain for the benefit of new readers (and with the kind indulgence of our veterans) that each year we salute the month of the American Bankers Association annual meeting by publishing an issue we call the Year Book.

Literally speaking, that name isn't quite accurate, for what we offer is hardly a chronology. Although it does some reminiscing in text and pictures about events of the past 12-month, its viewpoint is forward, via the present.

This issue, we feel, is closely fashioned to that pattern.

Banking and Business

Our 1944 keynote is the working relationship between business (large and small) and banking, particularly after the war. A corollary theme is the broadening of bank service to the public, a trend which, manifest during the past decade, seems likely to expand considerably.

There are articles in the 150-odd pages that appeal to a wide variety of reading tastes. (If yours is quite cosmopolitan, so much the better.)

This department can't and won't attempt to synopsise the articles, but it should and will point out a few that

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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you, in turn, may wish to point out to friends.

Come "V" Day

PRODUCTION is the output of things people want and need—and after the war, we're being told, people are going to want and need a great many things. The idea of saving now, while it comes easily, the money that will pay for homes, autos, radios, etc., offers a constructive approach toward our peacetime economy, and banks have promoted it both as a means of increasing business and mobilizing dollars against inflation.

The five pages that comprise our leading article, "When America Resumes: Making, Building, Buying," are devoted to an over-all picture of today's-saving-for-tomorrow's-purchasing. C. W. GREEN, of the Committee for Economic Development is our author. His coverage of a substantial subject includes some previews of what specific industries will offer in the consumer credit markets, how banks can set about earmarking today's savings, and how home-building credit, in particular, can be merchandized. There are many media for selling this sort of purposeful thrift, and banks interested in the general plan will welcome Mr. GREEN's suggestions.

Credit for Business

THERE is, of course, the very important, if less personal, matter of credit for

business—a relationship that affects more people, directly and indirectly, than we'd care to estimate.

In this connection, there is the work of the new Post-War Small Business Credit Commission, an American Bankers Association group, which is making plans that have reached the committee stage. The Commission's program, outlined at a meeting in New York earlier this Summer, is discussed in "Banks Aid Small Firms" (page 14).

EUGENE DICKHUTH, New York financial writer, goes into other current phases of business credit in "What the War Has Done to Industrial Lending." Mr. DICKHUTH is a specialist in banking and related subjects; his knowledge is based not only on observation and study, but was augmented by years of experience in commercial and investment banking. Here he writes about V-loans, T-loans, and the general credit situation.

Supplementing Mr. DICKHUTH is a review of the new CED booklet which explains to BUSINESS MEN, especially the smaller ones, the kinds and purposes of bank credit and the relationship between borrower and bank.

Prelude to Chicago

IN ANTICIPATION of the Association's second war service meeting, scheduled for the Stevens Hotel, Chicago, September 25-27, BANKING presents a 32-page section devoted largely to activities and plans of the A.B.A. There are

(CONTINUED ON PAGE 6)

Banking for Postwar Inter-American Trade



The Americas have a program for economic development and trade in the postwar years.

Business and industrial leaders from all the American nations met in New York earlier this year to formulate recommendations for future trade activities.

For many years the Chase National Bank has cooperated with leading banks throughout the Americas in promoting inter-American trade. These banks have had long business experience with the Chase, and are in a position to expedite local transactions for our customers.

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JUST A MINUTE—Continued

pictorial reminders of a few events of the 1943-44 year, photographs of officers and other Association workers, and a brief chronology of things that the A.B.A. councils, commissions, committees, as well as the general officers, have done during this busy war year.

Then, in the course of a dozen or more pages, various Association department heads report on the work and plans of their groups.

The Stock Market

JOSEPH STAGG LAWRENCE, vice-president and economist of the Empire Trust Company, New York, takes a look at our stock market and concludes:

"Contrary to widespread popular belief, equities today are not interesting because they constitute a hedge against inflation. Inflation of the type which this country has experienced during the war and may have after the war depresses equity values. They should be bought only if their purchase is fully justified on other grounds."

The steps leading to this paragraph are carefully built up by Mr. LAWRENCE in his article "The Post-War Investment Rainbow" (page 42). Among other things, he makes the point that, although an impressive case can be made statistically for a big post-war market in consumer and durable goods, actually the free consumer will be the boss and that "responsibility for post-war prosperity rests far more upon the producer than the consumer." It is the former who "must make items which appeal to the buyer, which convince the buyer that he is getting ample value for his money."

Mr. LAWRENCE also asserts that inflation booms in the stock market are (CONTINUED ON PAGE 10)



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manpower shortage presents the Number One problem in the operation of a bank these days—because a bank is an institution where today doesn't end until today's work is done . . . and proved.

The posting of Ledger and Statements, listing of Checks and Deposits, work in the Proof and Transit Department and in the Savings Department; these must be done—and proved—before the work-day ends.

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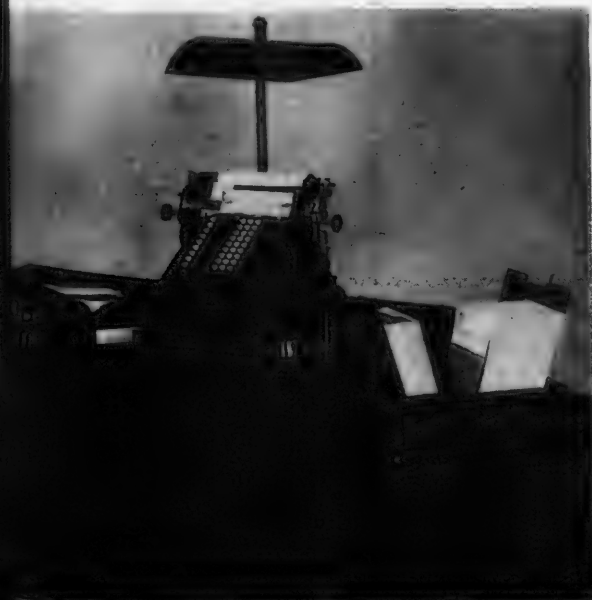
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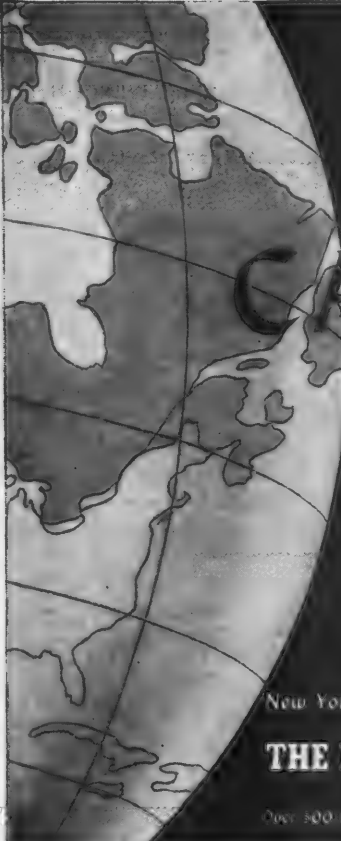
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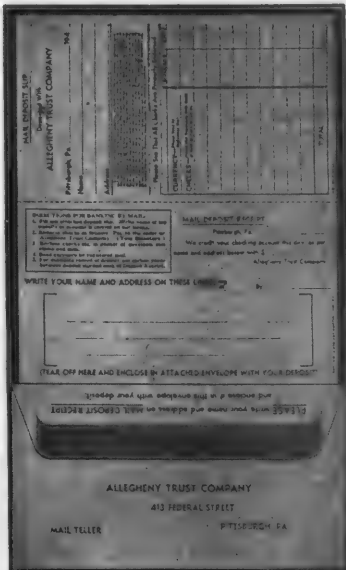
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JUST A MINUTE—Continued

certain to continue to fail. Profits caught between the jaws of a vise—the one hand an inflexible finished price fixed by government, and on the other rising cost. "Only the extraordinary volume of war production," he says, "has kept profits at high levels" and "no realist can believe that the current character of inflation will change with the war ends."

Foreign Trade

OUR contributor on this subject is EDWARD H. COLLINS, associate financial editor of the New York Herald Tribune. Mr. COLLINS thinks that if there is to be large-scale investing abroad, "it should probably be government-directed." Foreign loans of the future, he also says, "can be justified only on incontrovertible proof that they will contribute to the productive power of the recipient."

Bombed—But Not Out!

THE Bankers Trust Company of New York recently reported that its London office at 26 Old Broad Street had been damaged by a flying bomb which exploded 50 yards away. There were no personnel casualties, and no property loss not covered by insurance. All securities and records, in vault storage off the premises, were untouched.

It happened on a Saturday afternoon after the staff had left for the weekend. Not a pane of glass was left intact and the office was a mass of wreckage. However, the bank was open at the usual time on Monday morning.

Here is the account given by R. B. OXLEY, manager of the branch:

"Arriving at the scene early Saturday evening, I found a truly appalling spectacle. It was difficult to get into the

(CONTINUED ON PAGE 12)

"... an' this little pig got K.P.!"





CHISELED IN CHESTNUT BY THAT OLD CHESTNUT VENDOR, HYPHEN SMITH

THIS is the story of *Hollister Hart
Who signed the bond of his Cousin *Art
So Art could take on the job he had won
By plenty of votes in an election.

Art found the pay the best he had made,
But his living costs too went on the upgrade,
And first thing he knew he needed cash badly,
And now we relate, and relate rather sadly,
That he dipped in the till and used some dough
And brought to the Harts both heartaches and woe.

Art's art in hiding his secret borrowings
Just greatly increased the family sorrowings.
Art's wife felt disgraced, as you may have guessed,

While Hollister's family was dispossessed,
For Hollister had to make up the shortage,
And it was too big to be met with a mortgage.

They all of them suffered for quite a long time
Though Art was the only one guilty of crime.
Now all of this happened a few decades back
When all bonds were signed by persons with jack.

A man here and there still does abscond
But children don't suffer because of a bond
Their papa had signed for some miserable wretch
Who deserved to serve a considerable stretch.

Today bonds are signed by strong corporations
Instead of good friends or trusting relations.

*These names are purely fictitious and any resemblance to those of persons living or dead is purely coincidental.

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Fidelity and Surety Bonds

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Almost every customer who enters a Bank is a prospect for American Express Travelers Cheques. As a result, hundreds of Banks make use of this opportunity to increase their Travelers Cheque business. They not only use constantly our ready-prepared advertisements in their newspapers and mailing matter. They also personally suggest Travelers Cheques to visitors who come to the Bank. These number hundreds daily—business and professional men, salesmen, government representatives, men and women in the Services, housewives and office women. All carry pocket funds in crowded streets and busy centers, at week-end resorts, and in trains and buses. They all need protection, and when told about Travelers Cheques they promptly welcome the suggestion. Many buy then and there; all remember and are grateful. You have done them a personal service. This suggestion to make suggestions is worth thinking over.

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AMERICAN EXPRESS TRAVELERS CHEQUES

JUST A MINUTE—Continued

building at all, but when I did, it was almost impossible to get around the premises because of fallen doors and partitions, as well as for the enormous amount of glass scattered all over the place. With the rest of the office staff we started in on Sunday morning and by 4:30 P.M., had got the majority of the woodwork stacked, glass collected and dumped outside and desks re-erected. By Monday morning. For the time being we have a super-abundance of fresh air for of course every single window has gone; but nevertheless we are thankful that the utility services, including telephone, gas, electricity and water are still functioning."

A report from D. SOMERS, auditor of the bank's London office, advised that "damage was for the most part superficial, nothing of value having been lost which was not covered by insurance."

Change for a Grand

THIS one we borrow from LOUIS STOLBOV's column "New York Cavalade" in the New York Journal-American:

"It's tough trying to get a \$500 or \$1,000 bill changed. Not that I've had any occasion to try myself, but there are a few gents, racketeers, black marketeers and gamblers who carry these large sized notes around with them. The bank won't cash them unless you're a long time depositor or are willing to identify yourself by your draft card—which many of these fellows don't care to do because it might set the income tax men on their trail. So these change seekers have hit the major race track where bills of any denomination are changed without question. Belmont, in fact, changed more than \$250,000 weekly."

JOHN L. COOLEY

"You can be my secretary for \$25 a week and our maid for \$50"



THIS FARMER

Needs your help



his **Your Neighbor**, the farmer in your county. He has been doing a tremendous job, raising food for our Armed Forces, our Allies and ourselves. Each year he has surpassed the previous year's record-breaking peak. His income is at an all-time high and, by all indications, it will stay high for years to come.

But this farmer is running into difficulties. Tools and machinery are wearing out and becoming obsolete, buildings need repairs and replacement. He'll soon reach the stage

where his labor does not yield good returns—where overhead will begin to eat into profits and food production will inevitably fall off. At that time, he will need not only new but better tools and equipment. That's when he'll need your help.

As materials become available for civilian use, you can arrange to lend him money to buy efficient machinery, erect up-to-date buildings, to make those modern improvements that are necessary to attain top production and a profitable return on

his investment and labor.

The *well-equipped* farm is the productive, money-making farm. And the owner of such a farm is a good banking risk. This is especially true if he modernizes with steel. Steel is fire-and-weather-resistant and offers better, longer-lasting protection to crops, livestock and valuable tools. From the increased returns that high-speed machinery and efficiency-designed buildings make possible, the farmer can repay loans promptly.

The farmer who plans to modernize with steel is a business man worth your attention.

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AMERICAN STEEL & WIRE COMPANY, Cleveland, Chicago and New York

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• When it comes to employer-employee relations under tightening federal and state regulation, chance-taking is out! It is foolish to guess, unwise to depend on incomplete, inaccurate, or biased sources of information, dangerous to plunge blindly ahead.

• Wartime calls for *facts*.

• Here in the CCH LABOR LAW SERVICE is your swift, complete, and dependable reporter on labor law. It brings together, organizes, and keeps always up-to-date the federal and state laws on labor and allied topics, including: Wage and Salary Stabilization Law, War Labor Disputes Act, Overtime Pay Order, National Labor Relations Act, Fair Labor Standards Act, public contracts laws relating to wages and hours, anti-injunction laws, state labor relations acts, state wage and hour laws, etc.

• Everything is arranged for quick reference or careful study in convenient loose leaf binders behind tabbed guides.

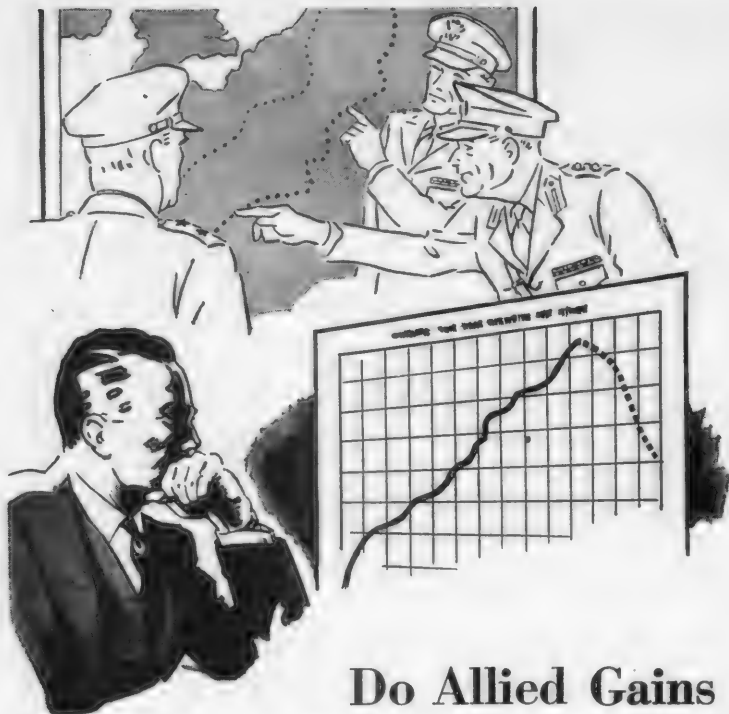
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Do Allied Gains Bring Your Customers Closer to Credit Losses?

No doubt about it . . . transition from war to peace will be full of uncertainties and upsets. War industry's shutdowns, layoffs, payoffs will jolt many a business . . . may upset some of your customer's debtors . . . shut off their ability to pay.

It is to help customers guard against such risks that thousands of banks throughout the country recommend Credit Insurance to customers . . . and many banks insist on this added protection in the granting of loans.

American Credit Insurance places a definite cash value on accounts receivable for goods shipped . . . guarantees that they will be paid . . . and **this protection now may be extended without charge to include the bank as a named assured.**

For further information on how American Credit Insurance benefits both banking and business, write for our booklet, "The A-B-C of Credit Insurance." Address: American Credit Indemnity Company of New York, Dept. 45, First National Bank Building, Baltimore 2, Md.

J. T. Fadden

President



American Credit Insurance

*Guarantees Payment
of Accounts Receivable*

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

BANKS AID SMALL FIRM

Attention has been focused on small business, because small business has come to the forefront of post-war planning as a key to a continuing free enterprise economy. It was emphasized at the meeting that 92 per cent of American enterprises are officially classified "small business" by the United States Department of Commerce. It was also pointed out that the term is used by small business men themselves in designating their own organizations, there being some twenty-five "small business associations" in operation throughout the country.

The Post-War Small Business Credit Commission held its organization meeting in New York City from July 25 to 27. Thirty-eight of the 42 members of the Commission were present and others sent personal representatives. The members are bankers from small and large institutions representing every section of the country. The meeting was also attended by the Association of Credit Policy Commission.

Ways of Bank Financing

The Commission believes that small business will be financed by banking in several ways.

The local bank will in many cases be able to extend all the credit required. Banks everywhere have a record breaking deposit level and they are ready to provide credit for the many needs of the post-war period.

Where a local bank cannot extend all of the credit needed, it will use its correspondent banks to see that the money is made available or an earnest attempt is made to make the application suitable for bank consideration. A special committee of the Commission has considered the place of correspondent banks in the post-war program and has made the following recommendations:

(1) All banks should be urged to use the facilities of their correspondents.

(CONTINUED ON PAGE 18)

One of the committees of the new Small Business Credit Commission at work during the recent organization meeting





When **SURPLUS** goes to market!

Millions of dollars worth of surplus war and civilian goods have already been released by the government. Millions more are slated for immediate release. As this merchandise becomes available, business men in increasing numbers are seeking bank loans on inventory to make bulk purchases and supply extra cash for working capital.

Douglas-Guardian is helping both the banker and the business man to arrange sound loans on surplus inventory. Bankers

throughout the country know from experience that Douglas-Guardian warehouse receipts are sound collateral for profitable loans. Under Douglas-Guardian procedure, a bonded operating man sees each field-warehousing transaction through from beginning to end. He is always on the alert to safeguard the collateral on which the loan is based.

Douglas-Guardian welcomes the opportunity of cooperating with *your* bank in arranging loans on surplus inventory.

DOUGLAS - GUARDIAN
WAREHOUSE CORPORATION
Nation-Wide *FIELD* WAREHOUSING



ATLANTA • CHICAGO • CLEVELAND • DALLAS • EASTON, MD. • LOS ANGELES • NEW ORLEANS • NEW YORK • MEMPHIS
 SAN FRANCISCO • PORTLAND, ORE. • ROCHESTER, N. Y. • SPRINGFIELD, MASS. • PHILADELPHIA • TAMPA, FLA. • SPRINGFIELD, MO.



PINNING DOWN RESPONSIBILITY

The execution of any construction job involves many complex and interwoven relationships. The "one contract" method pins down responsibility—centralizes all these varied relationships under one capable and responsible management—that of the General Contractor.

The qualified General Contractor assumes full responsibility to the owner for these important services:

1. Completion at a specified time and cost.
2. Strict adherence to specifications.
3. Purchasing, securing and assembling on the site, of the innumerable materials and equipment required.
4. Direction to, services from and financial transactions with subcontractors.
5. Protection against liens and hazards arising from operations on site.
6. Skilled and non-skilled labor necessary to job.
7. Safety for and non-inconvenience to public.

CONSTRUCTION BY CONTRACT — For Centralized Responsibility



THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.

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NATIONAL HEADQUARTERS—MUNSEY BLDG., WASHINGTON, D. C.

Skill, Integrity and Responsibility in the Construction of Buildings, Highways, Railroads and Public Works

BANKS AID SMALL FIRMS

banks so that they may take full advantage of the post-war lending opportunities in their respective communities. They should utilize the experience of their correspondent banks in making any loans in which they may be inexperienced.

(2) Specialized services in all departments of the larger banks should be made available for their correspondent's continuous use.

(3) Correspondent banks should cooperate in making loans and participate therein when the need arises and it is mutually agreeable and acceptable.

(4) Opportunities should be developed so any bank can make loans involving warehouse receipts, chattel mortgages, accounts receivable, term lending, and insurance, as well as other forms of credit now unfamiliar to some banks.

This helpful correspondent relationship will enable the smaller banks to serve adequately the credit needs of their communities and at the same time preserve independence of policy and action in their own territories. Small business will be the chief beneficiary of the experience, skill, facilities and resources that have been developed over a long period of years by this cooperation between banks.

While most of the post-war credit demands will be met by individual banks either directly or in cooperation with other banks, the Commission recognized that there may be instances where banks, because of limited resources, unfamiliarity with the type of credit desired, or barred by legal lending limits or the terms and conditions re-

(CONTINUED ON PAGE 20)

Walter B. French, A.B.A. deputy manager and secretary of the new Post-War Small Business Credit Commission, speaks at the Commission's organization meeting. Seated, A.B.A. Executive Manager Stonier and Commission Chairman Hanes



HARRIS & VICK
BANKING

*Extending
Service to Your
Customers*

... IN THE PHILADELPHIA AREA

For many years the Philadelphia National has served hundreds of the country's leading institutions as correspondent. This is not only because ours is Pennsylvania's oldest and largest bank—it is also because we have always placed special emphasis on correspondent bank relations as a major element in our business.

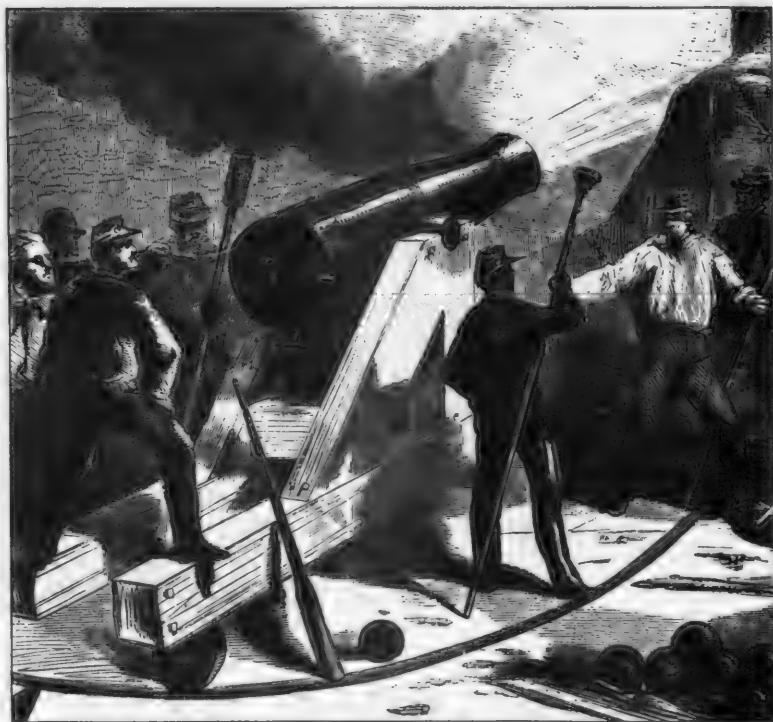
Our officers will be glad to answer inquiries from any interested institution—either relating to our correspondent bank facilities or to supply information concerning trade conditions in the Philadelphia area.

**THE PHILADELPHIA
NATIONAL BANK**

PHILADELPHIA 1, PA. ★ ORGANIZED 1803

Resources over \$750,000,000

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION



Reproduced from Harpers Weekly, 1861

FORT SUMTER SURRENDERS

*and that night drums beat
in the streets of Buffalo*

BUFFALO was a-buzz with excitement on the 15th of April, 1861. Fort Sumter, held by the Union forces outside of Charleston, had surrendered to the Confederates. Hardly were Fort Sumter's cannon cool before the patriotic citizens of Buffalo met to "organize a body of militiamen for immediate service."

The meeting, originally intended for the Court House where the Public Library now stands, soon overflowed to the Old American Hotel on Main Street. More than 100 sons of Buffalo expressed a willingness to go to war at once if their country needed them! *** The Marine's history parallels many such a lively incident in Buffalo's past. For we have been in Buffalo, serving the Niagara Frontier for ninety-four years . . . going back to 1850.

MARINE TRUST COMPANY OF BUFFALO

A Marine Midland Bank



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

BANKS AID SMALL FIRMS

quested, may be unable to provide the credit needed. It therefore considered various plans for meeting such situations and determined that the voluntary participation regional bank credit group was the most feasible type of organization that could be utilized to perform this function.

Such groups will be strictly voluntary in character, regional in operation and management. They will be started when and where local banks feel a need for such an auxiliary or supplementary source of credit. The Post-War Small Business Credit Commission will have no voice in their management. It will, however, act as a clearinghouse for information to groups contemplating such action. Several such groups are already being considered by bankers in widely separated parts of the country, according to reports made at the Commission meeting.

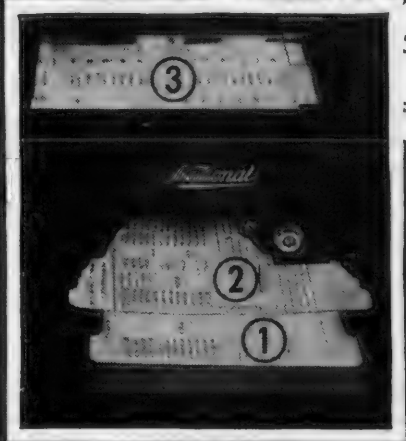
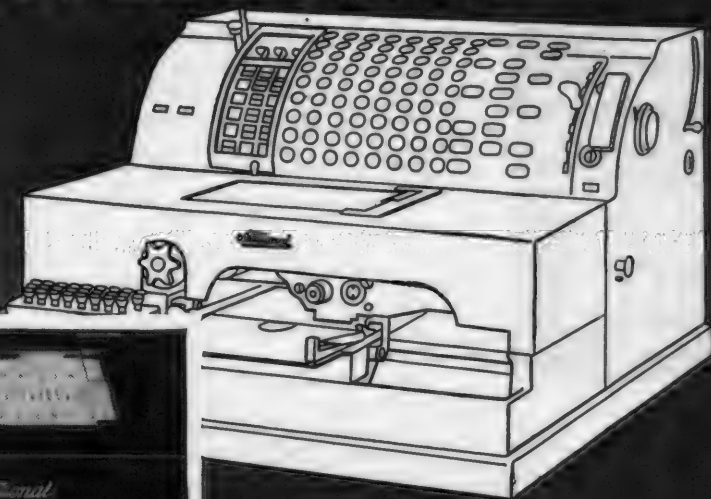
Term Loans

The term loan is one of the techniques that will be employed in making bank credit available to small business. According to the Commission's plans, the term loan principle will be adapted to the needs of small business. This effective lending mechanism was developed extensively by banking during the past 10 years. In 1938 commercial banks made term loans amounting to \$217,000,000. By the close of 1940, however, the amount of term loans held by banks reached the impressive total of \$2,162,000,000. More than 3,000 banks at that time were engaged in making loans of this type. The war comes as a dividing line between this peacetime activity in the use of term loans and the post-war application. While in peacetime they were used mainly for larger enterprises, banks are now preparing to apply this constructive lending practice to small business so that it too may enjoy every new type of credit provided by American banking.

A special committee of the Commission during the meeting prepared a definition of the term loan: *A term loan is a credit extended for commercial, industrial, or agricultural purposes to persons, firms, or corporations and having the following characteristics: (a) with a fixed maturity of 12 months or longer, (b) with a definite program of payments based on expected operations, (c) with or without collateral security, (d) subject to such terms as may be stated in a note and/or supplemented by an understanding expressed in a letter or formal loan agreement.*

(CONTINUED ON PAGE 22)

MANPOWER SAVINGS



by unification of work

NATIONAL Window-Posting Machines in Savings Banks post the Pass Book, Ledger, Journal—all simultaneously. Each record is complete . . . requiring no additional work; each bears an original print . . . no carbon copies; all were made with the same operation . . . eliminating two additional operations; all were made in the customer's presence . . . authentic by the customer's audit; all were printed from the same set-up of amount keys . . . all are identical.

National Accounting-Bookkeeping Machines may be secured through priorities.



Our factory at Dayton, Ohio, proudly flies the Army-Navy "E" with four stars ★ ★ ★ ★ for "unceasing excellence" in the production of precision instruments and other war materiel.

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The National Cash Register Company

YOU SAVE 3 WAYS

in buying
business machine
supplies under
**BURROUGHS
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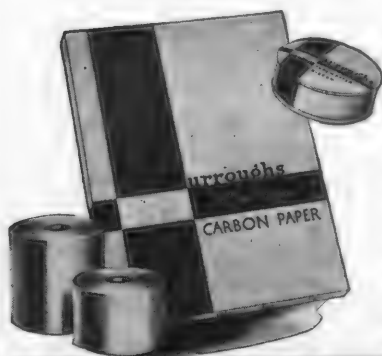
1 You save 10% to 40%, discounts on some types of supplies beginning with orders for as little as \$10 worth.

2 It is easier to earn discounts, because they are based on combined purchases of various types of supplies: for example, purchases of carbon paper help you earn larger discounts on ribbons, and vice versa.

3 You are assured fresh supplies, without storage problems, because delivery of supplies is made as you need them.

Burroughs produces high quality roll paper and ribbons for practically all makes of business machines, carbon paper for every need, journal paper and other supplies. For full details concerning prices and terms, call your local Burroughs office or write direct to

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Burroughs
SUPPLIES FOR
BUSINESS MACHINES

BURROUGHS ADDING MACHINE COMPANY

BANKS AID SMALL FIRMS

The Commission expects to prepare information and manuals, outline techniques, and suggest forms so that all banks may become familiar with term loan procedures.

Small Business Loan Departments

Many banks throughout the country, according to reports made at the Commission meeting, are already establishing small business loan departments or units under similar name. The Commission is encouraging all banks to establish such departments to handle the increasing volume of small business loans and to provide the attention and specialization that a successful practicable small business loan requires. Because there are as many varieties of small business loan as there are small business men, patience, cooperation, intelligent planning and a determination to help as far as sound banking permits, are all necessary factors in the successful operating of such departments.

The Commission does not think that establishing a small business loan department will create any personnel problem in the smaller banks. The present loan officer will perform most of the duties, which frequently are the same as he has been doing for years, the only distinction being a new label for long familiar merchandise.

The Commission is undertaking immediate research into the problems of small business under the guidance of its newly-appointed staff director, William Sheperdson, former chief of the Small Business Unit of the Bureau of Foreign and Domestic Commerce, United States Department of Commerce. A field of literature on banking and its application to small business will be created.

Meetings Planned

Plans are being made for a series of regional meetings throughout the country which will take the program to representatives of state bankers associations. They in turn will adapt it to the needs and conditions of their state, and take it down to group meetings and county association meetings. Over a period of a few months every part of the country will have first hand knowledge of the Commission's program.

The first meeting will be at Boston, Massachusetts, on September 11, for the state bankers associations of New England. The second meeting will be at Cincinnati on September 18, for state association representatives from Ohio,

(CONTINUED ON PAGE 24)

CASH for SICKNESS, HOSPITALIZATION or ACCIDENTS

Full-cover Policies
for Bankers at about
half the cost of ordinary insurance.

Reliable protection
in a company with
thirty-nine years
successful experience.

"A-plus" rating in
Dunne's Insurance
Reports for financial
standing and
"Excellent" for
claim-paying record.

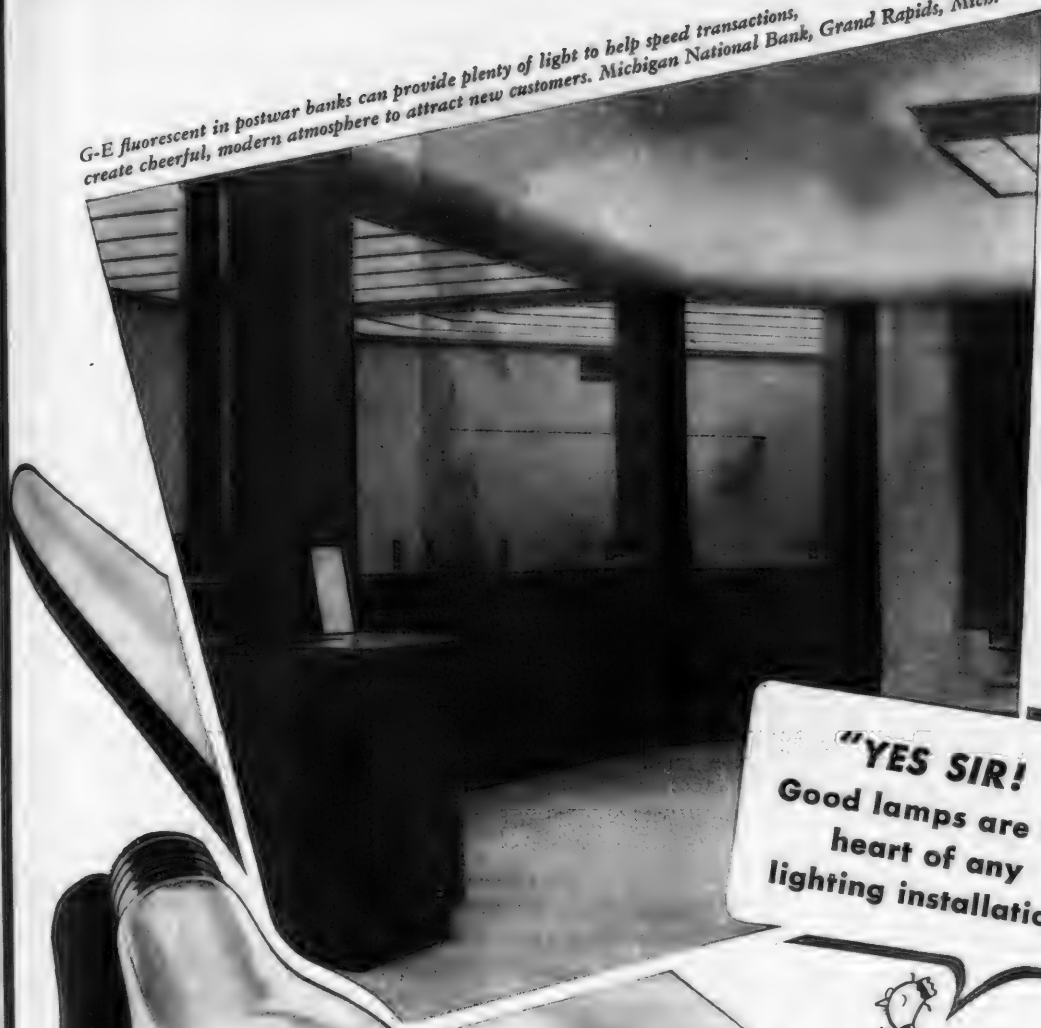
Small membership
fee pays for Accident
and Health
Policies in full to
the middle of next
December.

*Write for applications
and information*

MINNESOTA COMMERCIAL MEN'S ASSOCIATION

PAUL CLEMENT, *Secretary*
2550 Pillsbury Avenue
Minneapolis 4, Minnesota

G-E fluorescent in postwar banks can provide plenty of light to help speed transactions,
create cheerful, modern atmosphere to attract new customers. Michigan National Bank, Grand Rapids, Mich.



"YES SIR!
Good lamps are the
heart of any
lighting installation"



DON'T FORGET : : : the aim of General Electric Lamp
Research is to make G-E Lamps Stay Brighter Longer.

G-E MAZDA LAMPS

GENERAL  ELECTRIC

Hear the General Electric radio programs: "The G-E All-Girl Orchestra", Sunday
10 p. m. EWT, NBC; "The World Today" news, every weekday 6:45 p. m. EWT, CBS.

BUY WAR BONDS AND HOLD THEM



How good a credit risk is he?

Those whose business involves the extension of loans or credit properly take many precautions to make sure that those who receive these benefits will be able to meet their obligations.

They investigate the past record of a business, its present status, its future prospects. They evaluate the capabilities of its management and, most of all, they weigh the dangers which beset the business and what protective measures have been taken against these dangers.

One requirement which a prudent banker or credit manager logically insists upon is protection against loss caused by the dishonesty of employees of the business. An uninsured dishonesty loss, just as an uninsured fire, can so disastrously affect a business that it might be unable to meet its obligations.

On the other hand, the healthy business which has the proper insurance protection, including Dishonesty Insurance, will always make a better credit risk.

All Forms of Insurance and Bonding Protection

ETNA CASUALTY AND SURETY COMPANY

AFFILIATED WITH ETNA LIFE INSURANCE COMPANY

AUTOMOBILE INSURANCE COMPANY

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PROVEN

.. where the going is *really* tough ..

Today Beechcrafts serve in all theaters of war and their ruggedness and ability to utilize small landing fields combined with their high cruising speed have resulted in a demand by the Armed Forces for the maximum possible output of the Beech plants.

Before the war the same outstanding qualities caused the selection of Beechcrafts for such varied uses as the supply and administration of the Hudson's Bay Company's posts within the Arctic circle; missionary work in Borneo; exploration in Colombia; sheep-

ranching in Australia; gold mining in Mexico and the Philippines; oil wildcatting in Texas; exploration in the Antarctic with Byrd; and dozens of other projects where efficiency and dependability are valued above all else.

★ ★ ★

When peace returns Beechcrafts again will be available not only to those who work at the outposts of civilization but also to everyone else that appreciates top quality and performance.

Beech Aircraft

CORPORATION

BEECHCRAFTS ARE DOING THEIR PART



WICHITA, KANSAS, U. S. A.

BANKING

WHEN AMERICA RESUMES

For PEACE

This photograph, taken early in 1942, shows some of the last "pre-war" cars coming from the assembly line

The Money for Buy-Day

C. W. GREEN

MR. GREEN has done considerable work in the field of bank credit merchandising. He is now regional director of the Committee for Economic Development, in the Second Federal Reserve District.

ARMISTICE DAY, 1918, caught the United States with its production machinery suddenly stalled and no post-war plan in sight. When the shouting died away there was nothing left but the emptiness of unpreparedness. This time such unpreparedness would be chaotic.

If the war should end tonight and if tomorrow we could take up where we left off in 1940, something like 15 million people would be unemployed and our production would fall about 50 per cent. At present, war contracts equal to an entire normal (1940) year's production are on the books of American companies, large and small. Also, if the war stopped suddenly, there would be billions of dollars' worth of "left-over" war goods lying around and a vast number of war plants with nothing to do.

Indeed, if all of this were to become a "post-war problem" tomorrow morning the perils of peace would be somewhat akin to the perils of war.

One commentator, Clair Wilcox of Swarthmore College, thinks we are at least better prepared than last time to the extent that we have a more realistic concept of the problems we face and we have more facilities to cope with them. Even so, says Dr. Wilcox, "the magnitude of our task is without precedent. We were in the

last war for 20 months; we have been in this war for more than 30 months. . . . In 1918, we had four million men under arms; now we have 11 million. Then we employed nine million workers in war production; now we are employing more than 30 million. Then we spent \$15 billion a year to wage the war; now we are spending \$90 billions. The last war took a quarter of our national output; this war is taking half. The problems of reconversion and reemployment will accordingly be far more difficult in this transition than they were in the last."

The problem can be documented and dramatized at great length, but even the preceding summary is ample to point up the need for one thing—an overall program. To cope with its share of post-war problems, every segment of our economy must plan—industry, commerce, agriculture. Not only whole industries, but every individual enterpriser within them must plan.

Banks, which work closely with industry, with individual business men in all fields, and with millions of individual depositors, must certainly play a large role in America's post-war planning. This means that banks as institutions and bankers as individuals must have, first, a respect for the magnitude of this responsibility, and second, a concept of its detailed implications.

What is done with the nation's record savings will determine the direction and outcome of many post-war factors, and much therefore depends on what banks do to influence people's planning to save, and their planning to spend those same savings. Fortunately, many banks have already taken active steps to help

their customers guide their present savings toward planned post-war expenditures. But before examining these, let's paint in some more of the background facts against which all post-war planning must be done.

In 1940, 46 million people were employed and turned out a gross national product of approximately \$100 billion. But there were approximately nine million unemployed. Obviously, there are no past goals large enough so that we can plan "to go back to." We must plan to go ahead from where we are. Now, let's see where we are.

Today, under wartime conditions, our working-fighting force has reached a grand total of 64 million men and women and we are turning out a gross national product of well over \$150 billion, measured in 1940 prices. If, in the post-war period, we had to provide jobs for all of these 64 million people, the problem would be difficult indeed. Fortunately, we can subtract those who will go back to school or retire, the housewives who will return to their homes, and the men and women who for some time to come will remain in the armed forces. We are left with approximately 55 million people who will want productive civilian jobs. They will need employment—useful jobs with decent pay and ample opportunity for advancement. Jobs for these returning soldiers and sailors and war workers must be provided primarily through the resources and ingenuity of business.

The Committee for Economic Development, which has a very realistic approach to post-war national problems, always couples high level employment with high level production and distribution. The CED is convinced that unless increased employment is accompanied by a corresponding increase in production, the objective will be self-defeating and the surest road to trouble. In many communities CED has surveyed potential consumer purchasing with results that should be interesting to any bank hoping to expand its consumer credit business.

America has in its grasp the greatest opportunity in its history for expanded production. This is perhaps best indicated by the financial condition of most of its families, who will be the customers for more goods and services. The ability and the desire to

TABLE I: CHANGES IN INCOME DISTRIBUTION OF ALL FAMILIES

| Family Income Groups | Breakdown of Families by Per Cent | | Breakdown by No. of Families | | Net Change |
|----------------------|-----------------------------------|-------|------------------------------|------------|------------|
| | 1939 | 1944 | 1939 | 1944 | |
| \$5,000 and over.... | 4.0 | 8.3 | 1,270,390 | 2,900,072 | 1,629,682 |
| \$3,000-\$4,999.... | 7.7 | 17.5 | 2,445,501 | 6,070,542 | 3,625,041 |
| \$2,000-\$2,999.... | 18.6 | 30.6 | 5,907,315 | 10,638,906 | 4,731,591 |
| \$1,000-\$1,999.... | 36.5 | 29.5 | 11,592,311 | 10,264,751 | 1,327,560 |
| Under \$1,000..... | 33.2 | 14.1 | 10,544,239 | 4,915,181 | 5,629,058 |
| TOTAL..... | 100.0 | 100.0 | 31,759,000 | 34,789,452 | |

buy have increased during the war as never before.

Here are some interesting facts. In 1939, about one-third of the families in this country had annual incomes of less than \$1,000 a year. Over a third more made between \$1,000 and \$2,000. Two-thirds of the families had incomes of less than \$40 a week.

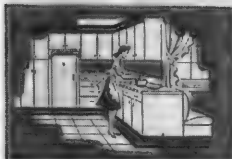
Today, not more than one family in eight earns less than \$1,000, and more than half the families are now receiving incomes of more than \$2,000 a year. Here is what has happened to our family-income patterns in four years.

Note on the accompanying table that over five million families have moved over the \$1,000 a year income line and nearly seven million over the \$2,000 line. Furthermore, the greatest relative increase has occurred in the number of families earning between \$3,000-\$5,000.

Moreover, average income per family (total national income divided by the number of families) which was \$2,227 in 1939, is now \$4,071, an increase of 82.8 per cent. Significantly, it is the families moving up into the \$2,000-\$5,000 brackets who share most heavily in the increase.

Examined from an over-all point of view, the amounts paid out in the form of dividends, interest and other investment forms have been a decreasing proportion of total national income, while wages and salaries have increased to 70.9 per cent of the total. In 1939, the average weekly wage (take-home pay) of the wage earner in

Which of Tomorrow's Wonder Improvements Shall YOUR HOME have?



Even if you're just planning to remodel an old home, you'll want to consider these improvements. You'll want to start saving for them now, with a "Plan a Purchase Account." If you're building an entirely

A MODERN KITCHEN?

It's going to surpass your dreams—the postwar, streamlined kitchen! It'll be the most magical room in the house! Range, refrigerator, will floodlight themselves. Glass doors show you "what's cooking." Food, utensils, roll out on safety stop shelves! Automatic devices almost get dinner alone. Dishes wash themselves!

A MODERN LAUNDRY?

Nothing like owning a laundry! With postwar equipment, washing will be almost no trouble at all! Simply dump in clothes... set controls... go away. When you return, clothes are clean.

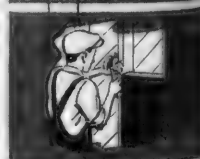
new house, perhaps your budget won't cover all these things, at the moment of building. But if you plan for them now—you can beat them in later, after you're in the house.

MODERN LIGHTING?

The postwar period will be more than ever "The Age of Electricity." Plan now what new gadgets you want: whether you want "concealed" or "conventional" lighting; so your architect can provide adequate wiring, saving you future trouble and expense.

INSULATION AND SOUND PROOFING?

No house should be built—or re-built—without thinking of insulation. In winter, insulation keeps the heat in, often reduces fuel costs by 10%. In summer, insulation keeps the heat out;



industry was \$27.04. At the end of 1943, it was \$47.59.

The great increase in the number of workers in industry has resulted in an average today of nearly one and one-half employed persons per wage earner family. Despite the absorption of many family income producers into the armed forces, the loss has been offset in the aggregate by increased employment of other members of the family, plus considerable overtime employment.

Other factors have tended to accompany the increases in family income. The cost of living has increased, but not as rapidly or as much as income. Standards of living have risen, sometimes involuntarily, as a result of the disappearance of merchandise, but frequently as a voluntary reflection of increased purchasing power. Despite these factors, the amount of "loose money" in the hands of wage earners, over and above basic and essential expenditures, nearly trebled in the past five years.

This pattern is also reflected in agriculture. Cash farm income has increased from \$8,684,000,000 in 1939, to \$19,886,000,000, a gain of 129 per cent. The significance of this increase, especially for those interested in contacting the agricultural market, is further magnified when it is realized that a larger portion of farm income is available for optional spending—that is, spending over and above basic necessities—than is the case with urban incomes.

This change to high level, wide distribution of incomes makes a great difference in the kinds of markets which business will find. It means increased importance of the mass market, which should not be misinterpreted as necessarily meaning the low-priced market. This is a new market, consisting not of a few people, but millions—millions who are earning more than they have in a long time, and who are wanting new, different, and better things for themselves and their children. This is a reflection of the basic human aspiration to want better things, not only for the utility of the merchandise, but because of the personal satisfactions and pleasures in such use, including impressing the neighbors.

If we could know what specific things people are going to spend this money for after the war, production problems and sales planning would be that much simpler. Many field studies are being made at present by organizations like the CED, the U. S. Chamber of Commerce, and others, to find out as nearly as possible what people are now planning to do with their savings and greater incomes.

It should be borne in mind that all such surveys show things that people *now* think they will buy. The surveys are not proof that these are exactly the things they *will* want when merchandise is available. New products may prove more attractive than anything they now have in mind. The point is, however, that of the thousands of families interviewed, 64 per cent had definite ideas about a major purchase within six months after the war, when "buy-day" comes.

Professor Sumner H. Slichter of Harvard University says of our post-war accumulated demand:

"There are over 600 articles of iron and steel that have not been made for civilian use since early in 1942. Most durable household goods, for example, have not been made since 1942. It is reasonable to estimate that, by the



end of the war (say, in 1945 or 1946) the accumulation of deferred demand will be equal to two years' sales at the 1940 rate. This is a conservative estimate because in 1940 an average of about seven million persons were unemployed. This estimate indicates the following volumes of accumulated demand:"

| | |
|----------------------------|--------------|
| Vacuum cleaners | 3.5 million |
| Clocks | 7.2 million |
| Radio receivers | 23.0 million |
| Refrigerators | 5.2 million |
| Electric irons | 10.3 million |
| Washing machines | 3.1 million |
| Waffle irons | 1.5 million |
| Heating pads | 1.8 million |
| Percolators | 3.7 million |
| Toasters | 4.5 million |

America's license bureau registers show the record-breaking number of five and a half million marriages since January 1940. But, because of the exigencies of war, the vast majority of these new brides and grooms have not been able to "go to housekeeping." These new families represent a tremendous market for a great variety of durable and non-durable goods—new houses, plus virtually everything that goes with a house: furniture, major appliances such as refrigeration, radios, washers; and non-durable goods such as curtains, towels, linens, and other types of miscellaneous equipment.

Marriages—new families—mean new homes in which to accumulate other needed goods. If every house lasted forever, we should need about 550,000 new dwelling units each year to provide for the increase in families. In 1942, the number of permanent dwelling units constructed was 358,000; in 1943, it was still less; and in 1944, it will be even less than in 1943. By the end of 1944, there will be a deficiency of at least 750,000 in the number of permanent dwelling units constructed since Pearl Harbor, and marriages will be at an all-time high.

Now let's correlate some of this demand data with real and potential purchasing power. Present estimates are that at the end of the war, savings in the hands of the public will amount to \$135 billion, of which approximately three-fourths will be in the hands of people in the middle and lower income groups. This sum is almost as great as the total national income in 1943.

We have already seen that the great majority of families have higher annual incomes now than before the war. Wage and salary payments have increased approxi-

mately 75 per cent from their 1939 level, against an increase of 25 per cent in the cost of living. Cash farm income has more than doubled in these years. Despite taxes, increased costs of living and higher standards of living, the amount of money available for optional disposition has been increasing. The early war period saw a great deal of foolish spending. All foolish spending has not ceased, but any sounding of the condition now shows steady improvement.

Not only patriotic appeals, but also shortages of merchandise and rationing have directed more and more of the money available for optional disposition into savings, frequently without involving any sacrifice. It is this optional money that offers banks their greatest opportunity to stimulate planned savings for planned spending among their customers.



What the Banks Can Do

ASIDE from the influence which banks, as lenders of consumer and production credit, can exert toward the creation of jobs, they can also play an important role in stimulating the translation of savings into post-war purchasing power, which in itself will be a job-creating function. Banks can perform this latter service by stimulating guided savings—that is, savings for specific purposes.

It is highly improbable that a generation reared on instalment buying, and whose income for years has been apportioned in advance of each pay day, will suddenly become budget-wise and set up its own machinery for specific post-war purchasing. Therefore many banks are opening objective savings accounts in which people are invited to deposit regularly a part of their excess earnings which will provide them with the down-payment or the entire purchase price of one or more items of durable goods to be bought when they are again available. And, having saved for a specific item, people will be in a more definite mood to buy it, once available.

What we are doing here is reporting a trend rather than describing a theory or a particular plan.

One such plan, for example, called a "Purchase Club" is in operation at the Merchants National Bank and Trust Company in Syracuse, New York. It operates in this fashion: A consumer who intends to purchase an automobile or a home food freezer after the war, starts saving now either for the down-payment or the entire purchase price. The bank determines how much he must save weekly, over a period of 100 weeks, to reach his goal. He enrolls as a member of the Purchase Club and receives a coupon book for his weekly payments. When consumer goods are again available these depositors will have accumulated funds which are specifically earmarked for consumer durable goods. Most such depositors will probably be eligible for consumer credit finance of the balance of the total purchase price of the article selected.

One of the major determining factors as to the speed with which post-war markets can be exploited will be the willingness of people to *spend* their savings. It is a mistake to assume that savings automatically mean purchasing power. Savings as such are static, and we must realize that savings cannot become a dynamic purchasing power until those people who have them are assured of a continuous income in the form of a well paid, productive job after their wartime work is completed. It is highly improbable that people would spend their savings for either durable or non-durable goods if they are out of employment and need this money for subsistence. This fact points up the obvious necessity for the fullest possible post-war employment so as to convert this great backlog of savings into a real volume of purchasing power.

Because banks have all the necessary machinery set up, they are the logical operators of such plans. If several thousand banks would open such accounts the total potential purchasing power would easily reach into the billions. Translated into post-war industrial payrolls, these savings would start the wheels of industry turning without the necessity of cashing War Bonds.

To enlist the support of dealers and distributors, banks should hold a number of various group meetings to point up the market for post-war volume, such as were inaugurated by the Peoples Bank of Cumberland, Maryland. A comprehensive floor plan for local dealers will provide for adequate financing of goods from the manufacturer to consumer. A collateral benefit of such operations will be the extensive consumer finance which will follow post-war purchases.

In addition to new durable goods, most of these plans include setting up of accounts for modernization and repair of existing homes as well as architectural services and suggested designs for prospective new home owners.

In order to assist local business men in achieving increased sales volume in the post-war period, banks should become very active in store modernization to



create a more attractive shopping center and plan to assist merchants financially, in the improvement of the interiors of their stores as well.

This is the type of leadership which will be needed in every one of our communities to prepare for a necessary expansion of some 35 per cent in production and distribution in the post-war era if we are to look forward to a prosperous economy.

Banks in all parts of the country are performing services along these lines. For example: A recent survey was conducted for the Troy (New York) Savings Bank by a large research firm using 100 interviewers, who talked to 2,020 families. These represented approximately one out of every 15 local citizens. The survey produced the following valuable local statistics:

—The people of Troy and vicinity planned, as of the date of the survey, to spend \$57,298,000 in savings after the war.

—4,560 families plan to build new homes at a cost of some \$25,992,000.

—2,340 other families expect to buy homes already built, at a combined cost of \$15,210,000.

—13,140 families with present homes will spend \$2,956,000 to modernize them with such things as new heating and plumbing, painting and landscaping.

—Among items of equipment for these new and improved homes, plans are made to buy: Refrigerators costing \$609,000; washing machines, \$50,400; radios, \$162,000; furniture, rugs, etc., \$990,000.

The survey also indicated that Trojans planned to buy \$7,839,000 worth of automobiles and that 225 wanted to buy farms for which they expected to spend \$1,125,000. The survey turned up a wealth of additional detailed information on the potential post-war market.

Such surveys are obviously important as guides to local planning action. But for banks they have a special significance—they blueprint the type, and to a degree the quantity, of *planned savings accounts* which should be opened to meet the forecasted expenditures.

The Savings Banks Association of New York State is seeking to convert "savings hopes," of the type revealed



This is the house that War Bonds will build in 1954

It belongs to Mr. and Mrs. George Jones who are working and saving in 1944.

Today, the Joneses are buying all the bonds they can afford. Today, they are adding a modest sum to the family bank account to have ready cash for emergencies. They hardly realize it now but they are not only helping their country by working and saving—they're building a home of their own, bond by bond.

Mrs. Jones says, "When we started buying bonds, we called them Defense Bonds, then War Bonds. Now we call them Home Bonds. We know how much our new house will

cost and we worked out in black and white a plan of saving which will provide the money at the right time."

The architect's plans are yet to be drawn, but their plan of saving is well under way. And any home owner will tell you that a blueprint is just so much paper without money to make the hammers sing.



Help the nation's efforts to keep your living costs down. Buy Home Bonds—your own dollar plan.

Wonder what houses will be like in 1954? Air conditioned, of course. Deep freeze facilities. Heating by means of pipes in the floor or walls, perhaps. Dish washing and waste disposal units, refrigerators and ovens with glass doors. It may be too early to plan your home, but it is not too early to plan saving for it. Buy all the War Bonds you can afford, put them in your safe deposit vault, and let them work for you. Put something in your bank account regularly so that you will have ready cash for emergencies. And sit back and watch your house being built, bond by bond dollar by dollar.

by the Troy survey, into "planned savings accounts" through its Plan-a-Purchase campaign. Here again, the objective is to give direction to people's desires for future goods by getting them to establish *systematic* savings accounts opened for *specific* purchases—a home, a car, a baby, or a bicycle.

The program is being fostered through advertising, which utilizes an effective cartoon copy technique, through actual displays of merchandise and through a series of well-written and illustrated pamphlets. The objective in all cases is more *planned* savings accounts aimed toward *specific* post-war purchases.

These are only a few of the ways in which the idea of planned savings is taking shape. There are many examples from all over the country.

It Takes Merchandising

THERE are many media through which a bank can tell its depositors about the purchase club or home credit club idea and stimulate public interest. One point to bear in mind is that a bank by its very nature is in this picture. It has a sort of purchase club automatically in operation consisting of depositors who plan to buy certain items such as refrigerators, washing machines, new kitchens, new store fronts, new homes and other things. A bank needs to tell these customers that it is ready to help them with their planned saving.

How tell them? There are many obvious ways—newspaper edition, lobby displays, pamphlets, letters, personal calls and by other means. The dealers in the town, many of whom do not have too much to do these days, would be only too glad to tell their potential customers about the bank's service.

Some banks may hesitate about inaugurating post-war plans due to "complexities" both real and fancied.

Basically, a post-war program means smart merchandising.

(CONTINUED ON PAGE 147)



What the War Has Done to

THE ever changing social and economic conditions of the United States, particularly the exigencies of the war economy, have brought about a natural evolution of credit machinery. Lending, one of the mainstays of banking, quickly adapted itself to the necessities of the times.

When events in Europe and Asia made this country's participation in the current conflict a certainty, the question arose how the change-over from peace to war could be handled financially. Owing to the magnitude of the operation, direct government action in constructing and running war plants became unavoidable.

In addition, credit was required for conversion of private industry on a heretofore unheard of scale. Out of these circumstances evolved the V-loan, based on Federal Reserve Regulation V, which carries a government guarantee up to 90 per cent.

THESE war production loans guaranteed by the War and Navy Departments and the Maritime Commission through the Federal Reserve banks rose more than 10-fold in number, from 565 in June 1942 to 6,283 on May 31, 1944. Dollar amounts authorized in the same period jumped from \$310,680,000 in the middle of 1942 to \$7,797,400,000 at the end of May of this year. This is considerably more than the normal amount of consumer credit in peacetime years.

Of course, not all of these credits have been used. In fact, peak outstandings, according to Federal Reserve Board statistics, were \$2,033,579,000, reached on May 31. Included in the unused portion of these joint government and banking commitments are credit lines extended against the contingencies of contract cancellation by Washington.

Before discussing details of the VT-advances and the new T-loans, it might be well to dwell a little on the development of this business and the thoughts, both old and new, which it represents.

The V-loan bank syndicates which extend a joint credit line for war production were perhaps the outgrowth of the American custom for large business enterprises to maintain several bank accounts instead of just one. These institutions got together and under the leadership of one they worked out an agreement with their industrial client which was later submitted to the regional Federal Reserve bank for approval.

IN MANY cases, however, the circle of banks of account was transcended and the group of lenders which extended the war production loan was nationwide, especially in cases of very large corporations. In these instances the V-loan groups resembled investment banking syndicates of securities underwriters who join up traditionally for the marketing of issues.

Cooperative banking action, of course, was not unknown before the war. County and state groups dis-

cussed frequently their problems and, conforming to the needs and laws of their areas, they acted jointly in many fields and respects.

The large metropolitan institutions also had a considerable background experience in joint account business, both domestic and foreign. In the latter field many millions of dollar credits were thus extended to industries abroad on an acceptance basis in the period between the two wars. All these forerunners of smaller regional joint action finally culminated in the nationwide V-loan syndicate.

V-loans did something else to American banking.

Swords Into Plow Shares

HENRY FORD, in commenting on the post-war uses to be made of his company's Willow Run plant, said that they "are thinking of using Willow Run for the production of tractors and other kinds of farm tools. We are not going to scrap a bit of machinery. We can find ways of making use of every piece of it and there just isn't any sense to the idea of storing up machinery in big warehouses."

Mr. Ford forsees a "great age" ahead and predicts that "farming is in for its biggest expansion." He declared that commerce through the air and over greatly improved world highways would make boundaries between nations as "unnecessary as a line between the United States and Canada or the one between us and Mexico."



WIDE WORLD
BANKING

Industrial Lending

The author is a financial writer for the New York Herald Tribune. He has wide experience in the credit field.

Decentralization of industry which followed a definite economic and national design led to a decentralization of banking, as it were, or in other words to a revival of the importance of regional institutions. While the large New York, Chicago, San Francisco and other metropolitan banks participated, a greater proportion of business than before the war seems to have had its

Geographical Factor in Reconversion

THE West Coast states have already begun a campaign to have plants erected in that area for wartime production purposes converted to peacetime uses. One such plant is the million-ton Geneva, Utah, steel mill now operated by the United States Steel Corporation. The Geneva plant was built at the request of the Government, with funds approximating \$200,000,000 provided by the Government's Defense Plant Corporation.

Figures recently supplied to the Senate Small Business Committee by Benjamin Fairless, president of U. S. Steel, reveal that the pre-war steel consumption by the 11 western states was 2,400,000 tons annually, whereas the West's present finishing capacity of steel products is 3,500,000 tons.

A steel mill isn't easily converted to peacetime purposes. The Geneva plant is one of many throughout the country—some constructed with government funds and others with private capital—that poses a real peacetime conversion problem.

origin in the grass roots near the centers of actual industrial operations.

Also, as bankers acquired experience in financing the war requirements of American industry, they injected a growing ingenuity into the credit contracts. A practical illustration of the two last mentioned points was a combination revolving and termination credit of \$30,000,000 extended by a banking group headed by The Detroit Bank in favor of Packard Motor Car Company, Detroit, Michigan.

THE arrangement was out of the ordinary in a number of respects. The termination credit was guaranteed by the Navy Department to the extent of 75 per cent and was made available by the banks against a formula chiefly consisting of Packard's investment in canceled contracts.

There is running concurrently with the termination credit an unguaranteed revolving credit based on uncanceled contracts. Because the usual type of loan would not have met Packard's requirements this combination was worked out which will make loans available not only to liquidate the company's investments in Navy contracts, but also to provide funds for reconversion to automobile production.

Under the terms of the loan agreement which was prepared by The Detroit Bank, the credit is available until December 31, 1947, with a final maturity in December 1950 on the guaranteed part. Provision is also made for post-war borrowings outside of the arrangement in the event that the unguaranteed revolving credit is terminated by the company.

Another grass roots credit worth mentioning is a \$12,500,000 loan made by the City National Bank and Trust Company, Kansas City, Missouri, and a group of 11 other institutions throughout the United States to the Aircraft Accessories Corporation, Kansas City, Kansas, and Burbank, California. It is believed to be the largest single loan sponsored in Kansas City, Missouri, up to that time. A great deal of local satisfaction was expressed about it because Aircraft Accessories Corporation in less than three years had become one of the chief industrial enterprises in the Greater Kansas City area.

A \$30,000,000 credit recently approved for the Minneapolis-Honeywell Regulator Company was described as one of the largest loans negotiated "west of Chicago." The banking syndicate was headed by the Northwestern National Bank of Minneapolis and seven additional institutions participated.

V-loans of this type, some of them with termination clauses and known as VT-loans, have also helped to dispel the old prejudice that loans are something akin to

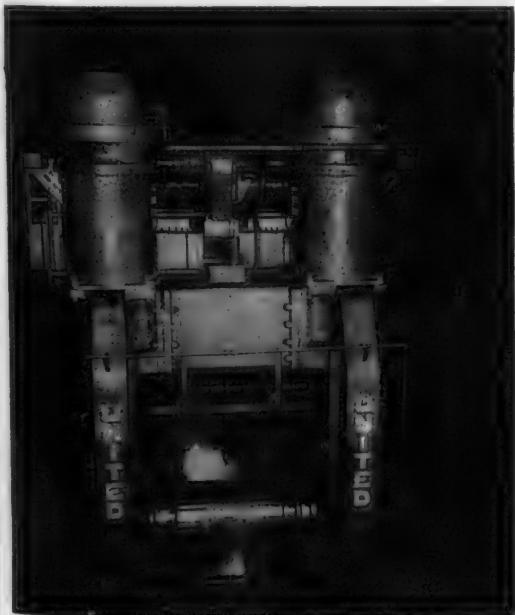



PHOTO: COURTESY, U. S. STEEL CORP.

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*Indeed, to many banking observers and to outsiders alike, the V-loan bank syndicate idea represents one of the most encouraging aspects of wartime developments here at home, because a common peril has brought about a nationwide and close cooperation of bankers in all sections of the country which did not exist before to such an extent. This better cohesion and greater understanding of their problems as a group should be of inestimable value in the post-war period when universal action will be required to provide the credit needs of business in a new and unknown era of peace.*

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and a forerunner of bankruptcy. This is a mental hang-over from the period when the whispered intelligence "that such and such a concern had obtained a loan" was tantamount to the advice "you better stop doing business with them."

It is now recognized that credit is the normal life-blood of business and in this complex society of ours it is virtually impossible for any company to have sufficient funds at all times to take care of all the contingencies of war and peace.

This means that just as production for victory took precedence over all other considerations, maintenance of a large volume of civilian goods and a high level of employment will be of similar importance after the war. This will require periodic credits. It is also quite likely that government guaranties of bank loans will continue to be employed for long-term deliveries of certain types which are beyond the risk which commercial banks can assume with depositors' funds.

It is quite conceivable, for example, that post-war reconstruction supplies for Soviet Russia will be financed by employment of the government-guarantee device, and it may come into use on other occasions as well.

The next phase of bank lending, however, which must be mentioned in a discussion of the metamorphosis of loans to America's industries is the T-loan. This instrument has been designed to do its work within the framework of the law which created the office of Contract Settlement, headed by Robert H. Hinckley, former Assistant Secretary of Commerce.

There is a great deal of speculation whether there will be widespread use of these termination loans by business. As drawn by the Congress the bill will enable manufacturers to apply for temporary advances against canceled and uncompleted government contracts immediately upon their termination. These loans also carry a government guarantee, and the general idea is to enable industry to make a quick changeover to peace before Washington determines what it owes business

and before final payments under the contracts can possibly be made.

In a certain sense, the T-arrangement is equivalent to what might be called a reconversion loan. This, however, is radically different from conversion from peace to war, because the future peacetime business catering to civilian needs is a strict risk affair. Manufacturers' receivables will not be payable by such and such an agency in Washington but by ordinary trade sources. In other words, the manufacturer who reconverts will have to take his normal business risk in the future.

THE T-loan does not protect him from this contingency at all. It merely anticipates his last government receivables and it will be up to him to use this money in payrolls, new machine tools, advertising or what have you. After the proceeds from these T-loans are used up, business will again have to stand on its own feet.

This is one of the reasons why it is doubted that applications for T-loans will be as widespread, as nationwide, and as substantial as their predecessors, the war production loans or the combination production and termination VT-loans which, it is predicted, will probably disappear altogether.

Inquiries for T-loans heretofore have been few and far between. Apparently, manufacturers who are conscious of the foregoing peacetime problems are even hesitant to pay the commitment commission which will hold the credit line open to them for future use. Those with substantial working capital seem to feel that it would be more advantageous to them to borrow on their own good name rather than make use of the T-loan device.

This implies no criticism of the intent of Congress in passing the law and many smaller businesses with different problems of their own, on the other hand, may be only too eager and willing to negotiate plain termination credits whenever the time has come.

Yet the implication of the reaction of large concerns that they have all intentions of standing on their own feet with as little help as possible from the Government is thoroughly sound and reassuring. By the same token, inquiries among banks elicit the information that loaning officers are more inclined to think in terms of "term-loans" to help tide business and industry over its reconversion problems. These advances, of course, would be strictly private enterprise ventures without government guaranties of any sort.

IT STANDS to reason that much of this future business will also be done on a joint account basis following the pattern which has worked so well and admirably in case of the V-loans. Banking cooperation will also be required in operating and administering the provisions of the famous GI bill-of-rights which gives veterans the opportunity to establish themselves in business by loans carrying a 50 per cent Federal guarantee.

Banking appears to be in excellent shape to tackle the coming peacetime problems of American business. It has an unparalleled backlog of funds, it has the tools, it has the mechanism and the experience, based on a sound evolution of lending under complex conditions. In other words, it has all the perquisites to finish the job successfully.

A HANDBOOK telling the business man how to approach his post-war financial problems and outlining some principal types of bank credit has just been published by the Financial Advisory Committee of the Committee for Economic Development.

The keynote of this well-planned, practical manual is sounded by Hugh H. McGee, committee chairman, in a foreword.

"Now is the time to start," he tells the business man. "The management which anticipates post-war credit problems has everything to gain and nothing to lose.

"Sit down and talk with your banker from time to time. Think out loud with him in regard to your future plans and credit requirements . . . give him your confidence; develop his confidence. That is the quickest and easiest way to obtain the credit you may need to carry out your post-war program."

The handbook calls attention to the Post-war Credit Commission for Small Business, recently organized by the American Bankers Association, and adds: "Its purpose is to provide for every justifiable credit need in business and agriculture by stimulating the organization of credit pools throughout the country. These credit pools would participate with a borrower's local bank in making loans, and would also undertake to disseminate among all of the banks in the respective area an up-to-date knowledge of all of the known and generally accepted methods of bank lending."

Entitled "Bank Credit: Your Post-war Program and Your Banker," the handbook has four main divisions: (1) Banking relations, which embraces the selection of a bank, maintenance of contracts with the bank, and the basis of bank credit; (2) loans banks can make, such as unsecured loans, term loans, transition loans to war contractors under Regulations V and VT, accounts receivable financing, notes receivable and conditional sales contract financing, loans on warehouse trust receipts and chattel mortgages, loans secured by income-producing equipment, loans against securities, mortgage and insurance loans, acceptance credits and discounting drafts; (3) other sources of temporary credit; (4) sources of permanent capital and long-term credit.

Mr. McGee, vice-president of the Bankers Trust Company, New York, and chairman of the A.B.A. Credit Policy Commission, emphasizes the importance of planning now to meet the post-war problems.

"Having determined its place in the peacetime economy," he says, "management must assure itself of suf-

ficient capital and credit facilities," adding his advice, quoted above, about frequent consultation with the banker.

"Because of their intimate knowledge of many different lines of business and of the general economic scene," the chairman continues, "the officers of your bank can give you important practical suggestions during the post-war planning period. As your normal source of credit, they are interested in helping you make the most of your post-war opportunities. They have a self-interest in your success, too.

"In working with your banker, bear in mind that his first obligation is to conduct a sound bank, and he must finance business operations according to law and policies developed as a result of experience. The funds he lends you are largely the deposits in the bank, the composite funds of your community. Only a small part of a loan represents the bank's own funds. The obligation to the depositor must never be forgotten.

"On the other hand, your banker is in touch with various other sources of credit. If your need cannot be put into bankable form, he is in a position to suggest the kind of organization best able to meet your requirements, and to work with you in other ways to find a solution to your financial problems.

"As his customer, you are entitled to open-minded, energetic cooperation from him. There is no mystery about the lending of money. It is his job to make loans—his opportunity to be of service. In serving you he is rendering a constructive service to you, to his community, and to his bank."

Calling attention to the importance of foresight, the handbook points out that there is nothing mysterious

The readiness of banks to aid small business is reflected in their advertisements. Here is a good example

We Repeat

**SMALL LOANS
TO
SMALL BUSINESS**

If your business needs money, and you are operating profitably, we should like to discuss making a loan to you. No loan too small.

Come In—You Are Welcome

MISSISSIPPI VALLEY TRUST COMPANY
INCORPORATED IN ILLINOIS

MISSISSIPPI VALLEY TRUST COMPANY
INCORPORATED IN ILLINOIS

about obtaining capital or credit but that plans must be made ahead of time—"in advance of the time for action."

"Foresight," it says, "simply means that these three financial considerations be a continuing part of your business plans from the very beginning:

"1. The financial structure of your business;

"2. Financial controls in the daily operations of your business;

"3. Availability of the funds you may require."

In developing his post-war financial plans the business man is advised to give immediate consideration to strengthening his financial relationship "with the bank best suited" to handle his.

"You can avoid costly mistakes by checking over your entire post-war plans with an alert and progressive banker. Because of the diversified interests of the bank's business, he generally has a broad and well-balanced point of view. You can profit by his experience and suggestions.

"Some bankers are more progressive than others; certain bankers are more familiar with the particular types of financing that your business may require. As the head of your organization, it is greatly to your advantage to select the bank and the banker in whom you can have the most confidence. This should not be hard to do.

"Several good banks probably want your business and will be glad to present their special qualifications. Every banker knows that his success depends upon his ability to understand and meet your needs, in competition with other institutions in your community. You will find that he is anxious to serve you in every possible way.

"While it is important to make sure that you have the banking service you require, it is a good rule to give your banker full opportunity to serve you before making any change. Do not change your bank without a good reason. If a disagreement arises, find out who is at fault—you or the banker, or perhaps both of you to some degree. The adjustment of an honest disagreement is the best basis for close teamwork together thereafter.

YOUR banker may suggest that one or more correspondent banks participate in financing your needs, but always conduct your relations with *your* banker. All others should deal through him. He can advise when it is to your advantage to do business with more than one bank—either locally or in other centers. In addition, participation of correspondent banks may be necessary when your needs exceed your bank's legal lending limit.

"Having established your banking connections, deal with your banker frankly on all business matters. Keep him fully informed. Discuss with him what you have done, what you are doing, what you propose to do, how, and when.

"It is to your advantage to meet with your banker from time to time, even though no immediate loan is in prospect. Talk with him informally about your plans. Invite his comments and suggestions. He may not have immediate answers to your problems but he has many sources of information that can be of practical value to you and your business. When necessary, your banker

The advertisement of the Bank of the Manhattan Co., New York, from which this reproduction was taken, again illustrates the job banks are doing to help small business survive



We want to help small business

can easily consult one or more of his correspondents to obtain specialized information of immediate value to your company. It is to your advantage to avail yourself of the many ways in which a competent, progressive banker can be of assistance.

"Do not feel that you are wasting his time or your own when you discuss your affairs with him. He is as much interested in studying your company's operations as you should be in keeping him informed on your progress and future plans.

"Many bankers make a practice of visiting each customer's place of business from time to time. Encourage these visits and introduce your banker to your associates. Show him how your business is run. Make sure that he understands and appreciates the 'know-how' of your management and your organization. Always present your situation in simple factual terms. Your banker respects you for recognizing problems that exist and developing sound ideas for solving them.

"The relationship between your banker and yourself is as confidential and intimate as that of a lawyer to his client. Like the lawyer who recommends a course of action, your banker must have all relevant facts if he is to help you; also, like your lawyer, he does not disclose confidences. Any man who doesn't want his bank to 'know too much' about his business is with the wrong bank, or he has something to hide, or he is under a misapprehension as to the banker's true function and basic policy."

(CONTINUED ON PAGE 140)

The Doctor's Deposit

This is another of Mr. STEARNS' factual fiction stories on counterfeiters and their tricks.

THE story starts in Germany when Dr. Frederick Klemm decided to escape from Berlin. It ends in a New York national bank.

Der Herr Doktor Klemm was a middle-aged, highly respected physician. In pre-Hitler days he had even served a term in the Reichstag, standing consistently against the growing power of the National Socialists. After the Nazis took over, he attended very, very strictly to his own private practice, doing nothing whatever that would annoy, or even attract the attention of, the Hitler regime. But after the war started a friend of his in the Gestapo suggested that, although he wasn't actually "wanted" by the powers in authority or in any particular danger, it might not be a bad idea for him to leave Berlin while the going was good, and make a beginning in some other country. No time like the present, nicht wahr?

A word to the wise — at least in Germany, from a high Gestapo official — is sufficient. Dr. Klemm took further council with his friend. There were strict regulations against taking currency, or almost any other valuables out of the country. But certain things might be arranged. The soles of his shoes, for example, would not be too closely examined at the frontier — for a consideration, of course. There was said to be still in Berlin a certain amount of American currency, good anywhere in the world even in wartime, in bills of high denomination that would take up little space. Some of it might be procured — again, of course, for a consideration. There was even a fellow-official of the Gestapo, to whom the Herr Doktor could be introduced, who had expedited almost identical details in a dozen similar cases.

SO THE great adventure was begun. The doctor sold his practice to another doctor, recommended by his friend in the Gestapo. He sold his house. He sold his household furniture and other worldly goods, right down to a few bare necessities. As he was a well-to-do man he received, even with the scanty offers he was forced to accept, a total sum worth nearly \$10,000 in American money.

It melted like snow in the sun. Nearly 8,000 reichsmarks, or \$2,000, were necessary for procuring the devious "arrangements" for leaving the country. American bills, bought on the black bourse, cost an even \$1,000 above their face value. Another \$1,000 went to the "arranger" for his services, and the doctor's original Gestapo friend carefully allowed himself to be overpersuaded into taking a final \$1,000. This left about 2,000 reichsmarks for traveling expenses, besides the American bills, with which to make a start in the new country.

Except for delays far longer than had been foreseen, everything went as planned. The doctor himself opened the soles of his shoes and sewed the money into them,

\$1,000 in German currency, for traveling, into the sole of the left shoe, and the American bills into the right. His handiwork was excellent — his practice included surgical work — and the shoes, as predicted, were not searched at the Swiss frontier. Thence he made his way by slow steps through southern France, still unoccupied, through Spain, and to Portugal. In Lisbon he waited month after weary month, while the war rolled nearer and nearer.

His face grew lined with anxiety: at any time the long arm of the Gestapo, should his friends fail to continue their protective silence concerning his actions, might reach out for him while he was still on neutral ground.

But he was unmolested. His sailing date finally arrived, and eight days later he was in the "Promised Land." New York!

"I am Dok-tor Frederick Klemm," he told an attendant inside the downtown New York bank that he selected. "With me I haf lettairs to introduce, and for to deposit, American money."



At the new account desk he presented his letters. Excellent. He had New York friends in the medical profession, who would help him get a start, men who in former years had attended his lectures at the University of Berlin.

"And for the account," he said in his careful, German-accent English, "\$4,000."

The bank official glanced at the five worn bills the doctor handed him — three for \$1,000 each, and two for \$500 apiece.

"Four thousand, doctor, even," he said courteously. "I'll have to ask you to wait a few minutes, while we attend to the formalities."

Once outside the big room he hurriedly picked up a telephone. "Secret Service?" he asked when he got his number. "I'm holding a man for you."

He had noticed at once that the doctor's bills were irregular. To most Americans, still unaccustomed to scrutinizing currency closely, they would have looked rather impressive, two \$500, and three \$1,000 bills. Apparently (if it had been thought necessary to glance at them) they had even passed the quota officials who had checked on the Doctor's financial status, that would safeguard him against becoming a public charge. But

(CONTINUED ON PAGE 123)



EDWARD H. COLLINS

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CONTRARY to popular belief, major wars are much more likely to be followed, in the first instance at least, by booms than by depressions; and this is as true with respect to world commerce as it is of domestic business activity.

Foreign trade, as many persons will remember, played a major part in the upturn in business activity that followed on the heels of World War I in the United States. American exports averaged \$6,200,000,000 annually in the war years, 1917 and 1918, but in the first two years after the war they rose to successive record heights of \$7,920,000,000 and \$8,228,000,000. These totals were never again equalled until World War II, when foreign shipments soared, under the artificial stimulus of lend-lease to a rate of more than \$1,000,000,000 a month.

Will history repeat itself on the present occasion?

THE answer to this question is of vital importance. Though the nation's foreign trade normally accounts for only about 10 per cent of the total business done, many of the leading industries depend on the export market for anywhere from 10 to 30 per cent of their sales. American shipments abroad create employment for workers and profits for business and professional men from the time the hoe is driven into the ground or a ton of ore taken from the earth until the finished products are laid down in the foreign market. In between are farm hands, railway and truck workers, salesmen and buyers, bankers, insurance men, exporters, clerks, steamship workers and officials—a complete cross section of the nation's commercial and financial life. All have a direct stake in foreign trade.

In two respects the situation is more encouraging for a large volume of American exports after the present war

than at the end of 1918. In the first place, the destruction wrought in World War II has been so intense and so widespread that only the United States and the British Commonwealth of Nations are likely to have any large capacity to export the machinery, railway and electrical equipment and other heavy durable goods that will be needed during the first years of peace. The rest of the world will need huge quantities of capital goods if it is to speed the task of reconstruction. And such reconstruction must proceed rapidly if social and economic disintegration on a wide scale is to be averted.

THE second favorable factor is represented by the accumulation abroad of large dollar balances. Since the United States entered the war the bulk of its exports have been on lend-lease account, but most of its imports have been for cash. As a result of this fact and the spending of our armed forces abroad, huge stores of gold and dollar exchange have been built up in various parts of the world. By the end of 1944, according to a recent study by the National City Bank of New York, gold holdings outside the United States will amount to \$15,000,000,000, and gold and dollar exchange combined to \$22,000,000,000. (The corresponding figure at the end of World War I was only \$5,000,000,000. Indeed, up to 1934, the entire world stock of monetary gold never amounted to as much as \$12,000,000,000.) The Latin American countries have been the chief beneficiaries of the foreign spending of the United States, but a number of European nations have been able to conserve gold and dollar holdings impounded at the outbreak of hostilities.

But, though the over-all total of gold and exchange holdings abroad is large, and should measurably reduce the dimensions of the problem of world economic rehabilitation, it is important that this figure be considered within its limitations. In the first place, these holdings,

while large, are not evenly distributed, and many of the nations which will most badly need the things we have to sell are not among those which have been able to retain or acquire dollars during the war. In the second place, dollar exchange is at best merely a stop-gap which must be kept replenished by sales of goods and services. In the third place, the United States already has more gold than it needs or wants, and has nothing to gain by acquiring more.

In other words, the problem is one, not only of providing dollars to those countries now without them, but of seeing that the over-all supply of dollars is kept up to, or around, present levels. It is obvious that a resumption of gold imports as a means of receiving payment for our shipments of goods could continue for only a brief period, and that in the end we should be plunged back into the chaos of the 30's. The paralyzing trade barriers and exchange controls that were imposed in those years were adopted because there was no other means by which these countries could balance their international payments and stabilize their currencies. It is this question of providing dollars for our world customers that constitutes the main post-war problem in American foreign trade.

A NUMBER of "solutions" have already been put forward. The best known of these, of course, are the two discussed at the international monetary conference at Bretton Woods. One of these is an international monetary fund, under which the principal nations of the world would set up a foreign exchange pool, with each country authorized to buy the currency of every other country up to a certain amount and under certain prescribed rules and limitations. The other is a world bank, which would make direct loans to governments, and guarantee, or partially guarantee, private loans. While agreed upon by the technical experts of some two-score countries, these plans have yet to be approved by the governments affected. In the case of the United States no congressional action is expected before next year at the earliest. Meanwhile, among bankers and other qualified students of international trade and exchange there is anything but unity of opinion on the somewhat grandiose plans of Lord Keynes of the British Treasury and Harry White of our own, the principal authors.

Other suggestions that have been put forward for balancing the nation's exchange position during the immediate years ahead include: (1) Adoption of a policy of stock-piling of those items regularly imported from raw material producing countries for processing by American industries; (2) the extension of loans to be repaid in such raw materials (the \$500 million "tung oil" loans to China is a conspicuous example of this arrangement); and (3) extension of a huge loan to Great Britain, whose exchange position has been impaired by the war and whose aid is needed in getting world commerce back into high gear once the war is over.

The general weakness which runs through all of these proposals is that they are at best of a patchwork and temporary nature. Though each of them is set up differently, they are all, in the last analysis, simply loans in different guises; and many persons feel that if we are going to finance exports by loans during the transition

period, then these loans should not be disguised, intentionally or otherwise, as "international monetary funds" or "stockpiling." Unfortunately, the possibilities of large scale private loans such as those of the 20's does not seem very great, even if that were desirable. Foreign loans rose to a peak in 1927-1928 of nearly \$2 billion annually, but American private investors, with the unhappy sequel to that experience still fresh in mind, are not likely to lend very recklessly at the end of the present war.

If there is to be large scale investing abroad, it should probably be government-directed, as in the case of the government loans of the Export-Import Bank, or the guaranteed private loans proposed by the world bank referred to above. Fortunately, private investors may hope to look forward to a greater degree of world security after the present war, but this alone is not enough to insure a sound lending policy. Foreign loans of the future can be justified only on incontestable proof that they will contribute to the productive power of the recipient nation. Only under such a policy can they be of more than temporary value in the return of a healthy world trade.

But in the final analysis, foreign trade comes down to barter—to swapping goods for goods (or, more precisely swapping goods and services for goods and services). By and large, the amount that we may expect to ship

PRESS ASSOCIATION PHOTOS



abroad depends on the dollar purchasing power of our customers, and this, in turn, depends mainly on how much we import in goods and services from them. Moreover, one can go a step further than this. It can be shown that the index of American imports moves very closely, year in and year out, with the volume of industrial activity and national income. This is not particularly surprising when the pattern of imports is considered. Through the inter-war period, 1919-1939, more than 70 per cent of all imports, by value, consisted of materials to be fabricated. Another 8 to 9 per cent was made up of fats and oil, and fuels and lubricants, and about 10 or 11 per cent consisted of foodstuffs. Finished consumers' goods other than foodstuffs represented less than 6 per cent of total imports.

In addition to payments for merchandise imports, the United States supplies substantial amounts of dollar exchange through other channels, including services and certain other transactions. Their past importance is shown by the following table of the import side of the foreign trade ledger for the peak years 1929 and 1937.

The Department of Commerce, in a recent study entitled "Markets After the War," attempted to estimate what the import-export position would look like under conditions of full employment, which, by one formula or another, many persons profess to believe will be achieved in the post-war period. The Department estimates that

| ITEM | (In millions of dollars) | |
|--|--------------------------|-------|
| | 1929 | 1937 |
| Shipping & freight ¹ | 509 | 366 |
| Travel expenditures | 483 | 348 |
| Personal remittances & institutional contributions | 394 | 203 |
| Interest and dividends | 330 | 295 |
| Silver imports | 64 | 97 |
| Other current items ² | 182 | 127 |
| Total | 1,962 | 1,436 |

¹Includes passenger-fare payments to foreign vessels and expenditures by United States vessels in foreign ports.

²Includes United States Government expenditures and miscellaneous services and adjustments.

under these conditions the level of domestic production by 1948 might be around \$175 billion. If the relationships of former years held, it finds, imports of merchandise could be expected, under these circumstances, to reach \$6,300,000,000 and other import items perhaps another \$4 billion. In other words, a maximum of some \$10,300,000,000 in purchasing power would be made available to foreign countries.

What would this mean in terms of imports? The Department of Commerce observes that over the entire inter-war period the amount of dollars spent here on export goods averaged 68 per cent of total payments to this country on all accounts. Again on the highly theoretical assumption that this ratio will continue to be effective in the years ahead, we come to an estimate of merchandise exports by 1948 amounting to \$7 billion. When allowance is made for differences in price levels, this would exceed even the record years following World War I. It would represent an increase of 35 per cent over the \$5,200,000,000 figure of 1929 and would double the best recent year, the year 1937.

THESE figures, though hypothetical, have a certain amount of real value. As August Maffry and H. B. Lary, of the Bureau of Foreign and Domestic Commerce, commenting on the report, observe, "The attainment of such a goal (industrial production of \$175,000,000,000) is unlikely, and everyone may form his own judgment as to how close to capacity American business will come. But the concept is useful in relation to import possibilities." In other words, one may make his own assumption as to the probable national income in the next few years, and on the basis of that reach at least a plausible guess as to what may be expected in the way of foreign trade.

Such a formula, of course, does not take into consideration basic changes in the pattern of foreign trade that are already taking place and greater ones that may follow the war. Even before the war, for example, domestic developments in the production of artificial silk were rapidly reducing imports of the natural commodity. Such imports had fallen from \$400 million in the 20's to \$100 million in the late 30's. The war itself has greatly stimulated domestic production of other goods previously imported, notably rubber, which was purchased abroad during 1937 in the amount of \$250 million. Other factors, however, may offset, or partially offset, these trends. As Messrs. Maffry and Lary point out:

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WIDE WORLD PHOTOS



War's Impact on U. S. Banking Abroad

CLYDE WILLIAM PHELPS

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AT THE outbreak of the war, American banking institutions had at last secured what seemed to be a firm foothold in the foreign field. Their foreign expansion had gone through a slow and restricted growth during the 19th Century and up to World War I, a rapid and, particularly in the case of the war-born independent foreign banking corporations, rather wild and unwarranted extension in the war and early post-war years, followed by disheartening results and a widespread with-

drawal (mainly by the foreign banking corporations) from the foreign field in the early 1920's. Then there was a period of sure, cautious and sound development up to the beginning of World War II in 1939.

And so on June 30, 1939, there were 11 American financial institutions possessing a total of 174 banking offices located in 29 foreign countries.* While these figures represented about 15 per cent fewer foreign banking offices than in 1929—quite understandable in view of the international financial and political conditions during the 1929-39 decade—they indicated the achievement of an American overseas banking system of some importance, and an apparently well-established one.

But World War II has played hob with this net of American overseas banking offices. By December 31, 1943, we had left only 41 per cent of these offices. The situation is shown by the table. Of the 86 offices in Europe, only 17 (13 in England and four in Switzerland) remained; the Germans and Italians had laid hands on all the rest. In the countries of Latin America there was little change (52 offices in 1943 as compared with 61 in 1939). But in Asia and the rest of the world only two of the 27 offices remained free from the grasp of the Japanese and the blackout of the war. In all, only 71 out of the 174 American banking offices in foreign lands were left.

It will be worth while to comment briefly upon the various institutions engaged in operating foreign banking offices, for many interesting details with regard to a number of these institutions are not generally known.

At present, and since World War I, the outstanding American institution in the operation of banking offices abroad is the National City Bank of New York. On June 30, 1939, it was operating 70 banking offices in 23

(CONTINUED ON PAGE 118)

* The data on American banking offices abroad published annually by the Comptroller of the Currency and occasionally by the Federal Reserve System are incomplete. This discussion, and previous publications by Dr. Phelps, apparently represent the only attempts to provide complete data on this subject.



AMERICAN INSTITUTIONS WITH BANKING OFFICES ABROAD
AS OF JUNE 30, 1939 AND DEC. 31, 1943

| Kind of Institution | No. of Offices in Operation | |
|---|-----------------------------|--------------|
| | June 30 1939 | Dec. 31 1943 |
| National Banks | | |
| National City Bank of New York..... | 66 | 38 |
| International Banking Corporation.. | 3 | |
| Nat'l City Bank of N. Y. (France) | | |
| S. A..... | 1 | |
| National City Bank Total..... | 70 | 38 |
| First National Bank of Boston..... | 11 | 11 |
| Chase National Bank of the City of | | |
| N. Y..... | 9 | 9 |
| Chase Bank..... | 5 | |
| Chase National Bank Total | 14 | 9 |
| Bank of America N.T. & S.A., San | | |
| Francisco..... | 1 | 1 |
| Total..... | 96 | 59 |
| State Banks and Trust Companies | | |
| Guaranty Trust Company of New York | 8 | 2 |
| Bankers Trust Company..... | 1 | 1 |
| Central Hanover Bank and Trust Com- | | |
| pany..... | 2 | 1 |
| J. P. Morgan & Co., Incorporated..... | | 1 |
| Empire Trust Company..... | 1 | |
| Total..... | 12 | 5 |
| Independent Foreign Banking Corporations | | |
| American Express Company, Inc..... | 36 | 7 |
| Private Bankers | | |
| J. P. Morgan & Co..... | 2 | |
| Other Institutions | | |
| Transamerica Corporation, San Fran- | | |
| cisco..... | 28 | |
| Grand Total..... | 174 | 71 |

The Post-War Investment Rainbow

JOSEPH STAGG LAWRENCE

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FOR some weeks—more specifically since June 6—the stock market in a display of prodigious energy has been struggling with that persistent but amorphous opponent, the future. To the tune of a 10 per cent improvement in values it has sought to impress a favorable cast upon the prospect. It remains to be seen if time will validate the verdict. The behavior of the market in thus anticipating the future is remarkable for many reasons.

Granting the important differences, this war is in some respects a carbon copy of the 1914–1918 affair. Certainly this sense of similarity in some degree has influenced traders in the stock market. They have vivid recollections of the boom in commodity prices after the last war, of the long steady upward surge of business in the 20's and the phenomenal, if unsound, course of stock market values at the end of the period. With the warp and the weft of the prospects today they believe a similar pattern of prosperity will be woven in the post-war decade.

Stock Market

During Two Wars

BEFORE leaning too heavily upon analogy, stock market and business levels in the two wars should be examined. The average level of the market during World War II is approximately 52 per cent above the level during the first war. At the time of writing, the market, which we may assume is discounting an early ending of the war, is 79 per cent above the level in November 1918. The opinion, apparently implied in these levels, is that the prospect for business after this war is much better than it was at the end of the last war. Today

the market is close to its wartime peak. The end of the last war saw stock values approximately 24 per cent below their peaks in the late Autumn of 1916. The market was neutral to weak in the months immediately following the Armistice. On the wave of the short-lived post-war commodity boom, the market in the Autumn of 1919 reached a level approximately 47 per cent above war-end prices. For the next two years equity values declined until they plumbed depths not touched again until 1932. This record is of doubtful value in appraising the prospect today.

Business followed a contrasting course during 1914–18. The first war was not a total war and the economic effort in support was not a total effort. Economic controls by comparison were feeble and limited. The distortion of the country's economic life was mild. From the poorest pre-war year, 1911, to the most active war year, 1916, business activity as measured by the index of American Industrial Activity of the Cleveland Trust Company rose 21 per cent. The average for the war showed an economic effort only slightly above normal. By contrast, the Federal Reserve Board index of production in 1943 was 139 per cent above normal and 169 per cent above the 1939 average.

Deliberate Controls

IN WEIGHING the future of equities, the lines of exploration are tantalizingly clear. It is only necessary to ascertain the level of business after the war and the profits remaining for the owners. To some students, articulate and influential, powerful both in business and government, this is not a problem of prognostication but a problem of policy. Heated discussions are taking place today, not in ivory towers, but at the policy-making levels of government and business, whether national income after the



WORLD WAR I
Armistice Day, 1918,
in New York City



WIDE WORLD
BANKING

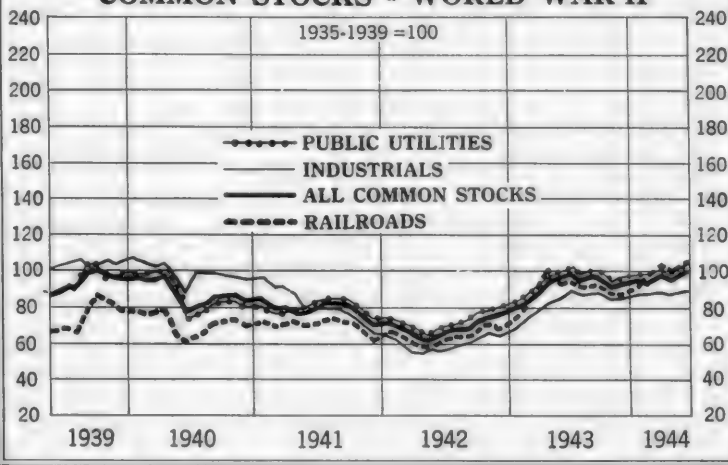
WORLD WAR II

The U. S. Marines land on the Tinian beach-head



HARRIS & EWING

COMMON STOCKS - WORLD WAR II



war must be—not may be—140 or 120 billion; whether the business index *must be* 60, 80 or 100 per cent above pre-war; whether employment *must be* five or seven or nine billion above the best aggregate of employment ever attained in time of peace. The categorical character of these postulates argues either a supreme faith in the ability of men through pure zeal and noble motive to achieve the unprecedented or an ominous mandate to the state to assume total power over its citizens. There is nowhere a suggestion that the goals are exaggerated and unsound, nowhere prudent counsel that the country reconcile itself to income that bears a reasonable relation to 1929 and 1937, hitherto considered prosperous years; that production be related to pre-war levels; that employment goals be something less than total.

Deferred Demand AN IMPRESSIVE array of statistical evidence can be marshalled to prove a huge backlog of demand for durable products, homes, cars and household equipment for the ultimate consumer, and new plants and machinery for the producer. The record shows a subnormal demand for these goods during the dismal decade of the 30's. At no time did output as a whole catch up with the statistical "normal." This period of below-par living must be compensated after the war by super-par buying. The suspension of production in many civilian fields during the war will add to this demand potential when peace returns. Responsible students in their respective fields suggest a million residential units a year for 10 years and six to seven million automotive units for five to six years.

Buying Power HAVE these possible consumers the money with which to realize their wishes? There is no need to re-state in detail the facts about wartime savings. Including 1944, it is easy to demonstrate a wartime savings total of \$100 billion. It is assumed that the owners of these liquid funds will lay them on the line after the war to buy the things they were afraid to buy in the 30's and could not buy during the war. Closely related to this hoarded buying power is the prospect of inflation. Wars are the

matrices in which great inflationary movements develop.

In addition to the huge amount of currency outstanding, the unprecedented total of bank deposits, more than \$200 billion of government bonds—but one stage removed from currency—and a gold reserve of over \$20 billion, there is the "logic" of the post-war problem. The burden of the debt cannot be carried unless prices are raised, the country cannot pay a Federal tax bill of \$20 to \$25 billion unless the national income can be expressed in figures so high that the tax load will be bearable. Thus inflation is a post-war policy "must."

Purpose of Savings

DEFERRED demand is not an imperative demand. It may or may not be effective. The buying power available to the possible purchaser does not control his decision. A very large fraction of the population saved money before the war. Saving is not an exclusive war phenomenon. There was ample opportunity before the war to spend savings for durable goods. The availability of goods did not automatically release the purse strings of the thrifty. The fact is that the great majority of those who save do so for some other reason than the desire to go on a buying binge when the "lights go on." The money they set aside is a prudent investment in personal security.

It is reasonable to suppose that many of those who save in wartime do so for precisely the same reason as they and others saved in time of peace. With unemployment, the elimination of overtime, the inevitable weakening of the worker's bargaining power in the face of an ample labor supply and the confusion during the reconversion period which can hardly be avoided, it would be surprising to find that the individual with the good sense and will power to save in time of war should cast instinctive prudence to the winds and indulge in a spending splurge. The war worker who wishes to do so can spend all his wages today—and often does.

Free Consumer Will Rule Market

CONSUMPTION for war is absolute and mandatory. There can be no hesitation, postponement or compromise with shells and guns. The demand for a home or a car in time of peace is optional,

elastic, postponable. The consumer cannot be made to drink. He cannot even be brought to water. Whether he buys depends on his attitude toward his future and the price and quality of the car or the home which the producer offers. The deferred demand for homes in 1937, statistically, was huge. The automobile market was far from absolute saturation. This did not prevent the collapse of business in the second half of the year.

The responsibility for post-war prosperity rests far more upon the producer than upon the consumer. He must make items which appeal to the buyer, which convince the buyer that he is getting ample value for his money. It is the producer, through his product, who must persuade the thrifty consumer to encroach upon his personal contingency reserve or incur an instalment obligation.

In this analysis the producer and labor are identical. It is the workingman who must so increase his output and improve the quality of his work that the employer, the middleman between the worker and the consumer, can sell the product to the consumer. This makes sound jobs. It has made all jobs authentic in an economic sense in the past. It is obvious that labor is not presently conditioned to embrace this philosophy. It believes that jobs depend on public works, on the Treasury's "net additions to purchasing power," on a shorter work week, on limitations of output. Will these fallacies yield to reason or must they be subjected to the tough treatment of failure and depression?

Inflation and Stock Market SINCE the Autumn of 1933, the stock market has had repeated inflation booms. They have all been abortive. Today a special and controlling reason assures the certain failure of this alleged stimulus to security prices. With the exception of gold, money, utility and transportation rates, the Government in the past did not try to regulate prices. Today the power of the Government is evident in all fields. It has been most effective in fixing the prices of raw materials and manufactured goods produced by corporations and least effective in restraining the prices of labor and farm products. The result has been a vise — the jaws an inflexible finished price, and a rising cost with profit margins between. Only the extraordinary volume of war production has kept profits at high levels. Thousands of enterprises have been forced to close because inflation has operated only on their costs and because an inert, ineffective bureaucracy could not be persuaded to make a price adjustment in time.

No realist can believe that the current character of inflation will change when the war ends. Let him who insists that heavy taxes or a large public debt will force inflation after the war demonstrate precisely how it will operate. Will government allow business to set its own prices, that is, if they are higher, and keep costs down? Since labor and taxes loom large on cost sheets, to what costs precisely would this pressure apply? Assuming the Government stands on the side lines, will competition permit the rise when all the economic facilities of the country can be concentrated on the production of civilian goods? In the face of huge surpluses, how can prices be made to move up and how can such a rise be reconciled with greater consumption?

Possible Goals

IF GOVERNMENT planning in the past is used as a guide to its efficacy in the future and the rainbow tints are removed from the canvas, what can the sober-minded student of security values and business expect after the war? In terms of business activity, the best peace years in the country's history were 1929 and 1937. Allowing for normal growth and a reasonably healthy business climate, the early years after the war may be considered satisfactory if they show a business level 25 to 50 per cent above the average for 1935-39. Current activity is approximately 135 per cent above the same base. Unless the fiscal needle administered by a future Treasury is more effective than it has been in the past, we may look for a maximum national income of \$90 to \$95 billion. Had anyone suggested these goals in 1939 he would have been labeled a dreamy optimist. Professor Hansen in that year considered a \$70 billion national income dangerous, an income that justified restraining fiscal measures.

Looking at Industries

ON THE basis of these goals, American business may be prosperous, subject to reasonable freedom and an intelligently distributed tax load. Certain fields are definitely attractive. In appraising the prospects, it is well to emphasize other aspects than the theoretical accumulations of deferred demand. Particularly, it is wise to note the ability of an enterprise to turn out a desirable, useful product at a low cost, to keep the labor factor per unit of output at a low point, to be reasonably free in the adjustment of prices to market, to have skilled management and able research, debt at a minimum, and maximum protection against the impact of whatever revenue legislation may be in effect.

On the basis of these criteria, the oil industry and banking rate high. Oil has a low labor cost factor. It enjoys special tax consideration. The price of oil and its derived products is low enough to encourage wide consumption. After the war this price may well be lower. Management is excellent and the industry in recent years, aware of a promising chemical future, has greatly expanded its research.

The shadow on the industry's shield is the period immediately after the war. The world will have too much oil at that time. This country is now producing approximately 35 per cent more oil than in the base period 1935-39. The demand at that time will be less than in the base period. One able spokesman for the industry has said that it will be five years before Europe can develop an oil demand equal to 1939. This indicates a substantial surplus immediately after the war in an industry which, granted its many other virtues, has never distinguished itself during flush oil periods.

Banking Outlook

BANK stocks throughout this period have been unspectacular investment vehicles. The system has performed its vital duty without fanfare. It has made possible the smooth financing of the war's unprecedented requirements. The foregoing criteria applied to banks yield gratifying results, results that are documented by the earnings of the last two years. There is no reconversion problem, no

(CONTINUED ON PAGE 148)

Washington Menu

What's Cooking?

WHAT does the future hold in the way of Washington news for banking, now that "the beginning of the end" of the war seems to have arrived? A question of foremost interest to all is the manner and timing of industrial and military demobilization and reentry of our manpower and facilities into peacetime occupation. While the end of the war in Europe will not mean the immediate termination of the war against Japan, some demobilization can occur at once. There will be wide cancellation of certain war contracts and subcontracts. Many men will come home.

The readjustment of the veterans will be watched by bankers with closest interest. By the time this reaches the reader, the Veterans Administration may have issued its regulations relating to loans to the former soldiers and sailors. Industries are wondering what may be the competitive effects of millions of veterans being set up in business with government aid.

Relaxation of wartime controls is another topic of universal interest—controls like rationing and priorities, price control, consumer credit regulation, foreign-exchange controls. The relaxation or termination of these controls will depend very largely on what happens to the production of peacetime goods, and what people decide to do with the immense aggregate of wartime savings.

After Bretton Woods

Foreign trade trends and gold movements will be watched closely by some bankers, because of the effects on domestic industrial and agricultural activity, on the reserve position, etc. The Bretton-Woods fund and bank plans may prove quite controversial when considered by Congress. How the election goes will of course have a great influence on future Congressional and Administration policies and actions.

Doubtless the coming of peace will be the signal for renewal of some of the prewar domestic controversies, such as the struggle between "Federalization" and "states' rights." The truce between organized labor and management, as reflected in the current no-strike pledge, will certainly end. Shall we have regulation of labor unions? Will the wartime scale of pay continue?

Will the lid be taken off again on anti-trust activities? Will taxes stay high, for corporations and individuals, or for the one and not the other? Will lend-lease outlive the war, or will the American taxpayer balk? Shall we have more or less government competition with private enterprise? The future is always full of question marks. Of one thing only can we be sure: As much as ever Washington will continue to be "the cynosure of neighboring eyes."

In Retrospect

At this writing legislators and administrators are tackling such measures as the recently enacted GI law

with its credit provisions, industrial demobilization legislation, surplus property disposal, credit for small business, and similar measures of general application.

In financial and other fields of direct application to banks are the immediate problems of public finance: War Loan drives, lend-lease, international exchange stabilization, and preparations for over-the-counter redemption of savings bonds. Then there are such questions as the future of rationing and ration banking, Regulation Q, farm credit, the home-loan bills.

It is interesting to look back over the changing interests of banks in Washington during the past decade. In the early 30's occurred the closing of the banks and the enactment of numerous banking laws of far-reaching effect, such as the creation of the FDIC under the Banking Act of 1933 and the increased regulatory powers of the Federal Reserve Board. Devaluation of the dollar, government spending during the depression, and other factors caused a large gold and silver inflow, increased bank reserves, reduced interest rates, and other changes. In 1934 the Federal Reserve banks were authorized to make working-capital advances to industrial and commercial establishments. Never had Washington activities been of greater interest to bankers. This interest was destined to continue.

1935 Banking Act

The Banking Act of 1935 reconstituted the Federal Reserve Board, provided for reorganization of the Federal Open Market Committee, and increased the national credit responsibilities of the Board of Governors. The act further liberalized the lending powers of Reserve banks, and the Board's power to alter reserve requirements. Reserve Board policy continued to be directed toward monetary ease. Member-bank reserves continued to grow, while business conditions improved.

In 1936 and 1937, with excess reserves expanding, re-



HARRIS & EWING

serve requirements of member banks were increased. As a companion measure, the Treasury commenced to sterilize inflowing gold late in 1936. "Hot money" had become a problem. In the three years following devaluation of the dollar, more than \$3 billions of foreign capital (net), came to the United States. Recovery from the depression progressed, but in the latter part of 1937 it received a severe setback, which extended well into 1938.

By 1939 crises in Europe had become chronic. American bank deposits and reserves were further swollen by additional inflowing billions of European capital, much of it in the form of gold. The Federal Open Market Committee was active, and adopted the policy of a flexible portfolio in place of the fixed portfolio which had been held for six years.

On the Eve of the War

The interest of banks in Washington affairs on the eve of the war may be seen from a legislative résumé published in the September 1939 issue of *BANKING*. There it is recorded that Congress had extended the President's monetary powers for two years, extended and broadened the RFC's lending powers, extended for two years the authority to issue Federal Reserve bank notes against government bonds as collateral, prolonged the life of the Export-Import Bank, passed the President's "full national defense program involving expenditures of approximately \$2,000,000,000 on Army, Navy and Air Forces," appropriated \$1,775,000,000 for relief, and passed a flat 18 per cent corporation income tax. But Congress had refused to authorize insurance of small loans to business.

The outbreak of war on September 1 precipitated a decline in bond prices and large-scale open market operations were undertaken. The System also undertook to lend to all banks on security of government bonds at par and the prevailing discount rate. Bank reserves and deposits reached a new high in 1939. The following year saw the initiation of this country's defense effort and a rapid expansion of Washington activities affecting the whole economy.

The year 1940 is best remembered as the time when the Lowlands and France were overrun by the Germans. America was shocked into activity. *BANKING*'s "Pictures of the Month" section was devoted almost entirely to the war, with only a suggestion of the forthcoming national election. The editor's page noted the suspension of economic experimentation and a new spirit of national unity in Washington. It foreshadowed an end to the economy movement and enormous increases in national defense expenditures.

With the organization of the National Defense Advisory Commission, industrial mobilization began. Soon Congress was debating national conscription and more taxes. Ever since the war's outbreak production had been expanding and prices rising, with only minor interruptions. Although there were still some unemployed, national income was growing rapidly, and banks were increasing their holdings of government securities and their commercial, industrial, agricultural, real estate and consumer loans. The flight of European capital to

this country continued, and excess reserves were still expanding.

At the request of the NDAC, the Federal Reserve Board organized a service to help small business enterprises obtain and finance defense contracts, which work was facilitated by the enactment of the Assignment of Claims Act. Bankers were studying the Excess Profits Tax Act of 1940, and Donald Nelson, director of Small Business Activities in the NDAC, was describing his functions in an article written for the readers of *BANKING*.

Banks Organize for Defense

By early 1941 A.B.A. President Houston was able to report that the banks were organized for their role in financing defense production. The editor was writing about banking services in the neighborhood of Army reservations. New defense Savings Bonds were being sold by the Treasury, bankers were volunteering for services as minute men in the Savings Bond drives, the TNEC was giving birth to ever fatter publications, conceived in pre-defense-program days, the public debt approached the \$50 billions mark, and the OPM, successor to NDAC, launched its priorities system, while \$1-a-year men were becoming seemingly legion.

At the Federal Reserve Board in September Regulation W came on the scene, to lend support to the Office of Price Administration and Civilian Supply. OPACS had been separated from the NDAC and made an independent agency in April 1941. Tax savings notes made their appearance at the Treasury, while foreign funds control raised new problems for the banks. Organization, reorganization, and re-reorganization in Washington held the attention of bankers on Washington.

December 7

Then came Pearl Harbor! With it came the War Insurance Corporation, soon supplanted by the War Damage Corporation and real mobilization.

In 1942, as a result of rising deposits and currency in circulation, excess reserves were subjected to severe drain. The growth of deposits reflected chiefly bank purchases of government securities, while the rise in currency outstanding reflected growing production and trade, and shifts of population. During the year reserve requirements were reduced three times. Congress granted the Reserve System the right to buy securities directly from the Treasury. Regulation V made its appearance, governing credit extended by financing institutions to producers of war supplies under government guaranty. Busy Leo Crowley was handling alien property as an important sideline.

The effects of the war on the banks were reviewed in *BANKING*'s special July 1942 supplement, "Banks in the War," which traced the growth in the banks' work in virtually all departments, the shortages of men, materials and machines, the extra burdens of helping the Treasury's varied war-finance activities, the special problems of financing industrial and agricultural production, and other services. Bankers commenced to hear

(CONTINUED ON PAGE 149)

BANKING NEWS

A.B.A. 2nd War Service Meeting Program Ready

A.B.A. Publishes Vol. 3 of "Paton's Digest"

Valuable Legal Work

Ready After 6 Years

Volume Three of "Paton's Digest of Legal Opinions" is now completed, thus making available to banks, attorneys, and others, a three-volume work of inestimable value which required a special staff of attorneys six years to compile and edit.

The "Digest" contains 4,536 opinions rendered by the Legal Department of the A.B.A., based upon actual problems arising in the operations of banks from coast to coast, many of which questions have never been brought into any court.

Statutory References

The "Digest" also contains over 10,000 Federal and state statutory references, many practical recommendations on procedure, opinions of attorney generals and of bank examiners, numerous legal banking forms, uniform acts in force in various states affecting banks, and an abundance of general information.

This work is printed in large type—important points are brought out in bold face—and the text is written in non-legalistic language. It is carefully cross-indexed and a table of contents introduces each chapter.

An especially attractive feature of the "Digest" is that it may be kept up to date by a loose-leaf supplementary service, the first time such a service has been available to "Digest" subscribers.

Savings Booklet Ready

"A Wartime Challenge—A Peacetime Opportunity," a new booklet on savings, published by the Savings Division, is now available.

Savings Division to Hold 2 Conferences

Meetings Planned for Kansas City, Atlanta

Savings conferences will be held in Kansas City, Mo., on Nov. 14 and in Atlanta a few weeks later according to J. R. Dunkerley, secretary of the Savings Division of the A.B.A.

Representatives of all bankers in Missouri, Kansas, Oklahoma, Iowa and Nebraska are being invited to the Kansas City meeting and bankers in Louisiana, Mississippi, Tennessee, Alabama, Georgia, Florida, North and South Carolina will be invited to the Atlanta meeting.

Discussions will center primarily on how commercial banks can profitably accept all the savings business offered in their communities.

James S. Neeley, vice-president, City National Bank and Trust Company, Kansas City, is chairman of arrangements for the western meeting. Mills B. Lane, Jr., first vice-president, Citizens and Southern National Bank, Atlanta, is chairman of arrangements for the southern conference.

Chicago Convention, Sept. 25-27, to Stress Banks' Contribution to Post-war Economy; Prominent Speakers Will Address Sessions

Completion of a program for the Second War Service Meeting of the American Bankers Association in Chicago, Sept. 25-27, pointing toward banking's contribution to the post-war economy, is announced by A. L. M. Wiggins, president of the Association.

The program being developed under Mr. Wiggins' direction

will include such noted speakers as William M. Jeffers, president of the Union Pacific Railroad; Dr. Bruce R. Baxter, Bishop of the Methodist Episcopal Church, Portland, Ore.; Senator William C. Freeman, Secretary of State for Banking in Pennsylvania; Chester C. Davis, president of the Federal Reserve Bank of St. Louis; and W. L. Hemingway, president of the Mercantile-Commerce Bank and Trust Company, St. Louis, immediate past president of the A.B.A.

See Page 72

Further details of the A.B.A. War Service meeting program will be found on page 72 of this issue.

"Bank on Wheels" Being Prepared for '44 Tour

The 1944 model of the "Bank on Wheels" is being assembled by the Subcommittee on State Taxation of Banks for a journey through the states. The size of the model bank will be determined by taking the mean of 1,779 Federal Reserve banks with \$1 to \$2 million in resources.

The "Bank on Wheels," like its 1939 counterpart, will show variations in the taxes assessed against national and state banks within states and the differences in tax rates as between states.

Streamlined Program

The meeting will be a streamlined affair of two and a half days duration in contrast with the Association's four-day conventions of the pre-war type. It will open Monday morning and close Wednesday noon.

The time will be crowded with the business meetings of the Association's four divisions and its State Association section and its two general sessions. Committee meetings will be held mostly on Sept. 24.

An additional feature this year will be a whole afternoon devoted to the interests of country banks, the program for which includes two round table discussions and the address of Mr. Davis. This country bank session will occupy the afternoon of Sept. 26.

Divisional and General Sessions

The program sessions will get under way Monday morning, Sept. 25, with the annual meetings of the Savings Divi-

(Continued on page 48)



A.B.A. War Service Meeting

(Continued from page 47)

sion, the State Bank Division, and State Association Section. This section will also have an executive session in the afternoon.

The National Bank Division and the Trust Division will have their meetings Monday afternoon.

The first general session will take place Tuesday morning, Sept. 26. Mr. Jeffers and Mr. Wiggins will be the speakers. The second and closing general session will follow on the morning of Sept. 27. Bishop Baxter, who made a memorable address to the A.B.A. convention in Seattle in 1939, will address this session, as will Senator Freeman.

Other Speakers

Divisional meetings will bring together a group of speakers including Dr. Marcus Nadler, professor of finance at New York University; E. D. Reese, president of the Park National Bank, Newark, O.; Maple T. Harl, banking commissioner for Colorado; Russell Weisman, chief editorial writer of the Cleveland Plain Dealer; W. G. F. Price, vice-president of the American National Bank and Trust Company, Chicago; Edward D. Odum, solicitor of the U. S. Veterans Administration; and James E. Shelton, chairman of the executive committee, Security-First National Bank, Los Angeles.

A feature of the Savings Division program will be a discussion of savings banking by Mr. Hemingway in the light of the effects of the savings pol-

icies of the British banks. Mr. Hemingway spent several weeks in England last Autumn studying the British banking and financial situation.

Committee Meetings

The War Service meeting will be preceded by committee meetings on Sept. 24, and by a tea tendered by the Chicago banks that afternoon at 4 P. M. to the assembling delegates. The other social function will be a reception at 5:30 P. M., also tendered by the Chicago banks.

The retiring Executive Council will meet Monday evening, Sept. 25, and the Council, consisting of members elected during the past spring, will hold its organization meeting at lunch on Sept. 27.

A.I.B. Has New Study Course in Banking;

Fundamentals Can Be Taken in the Bank

Training facilities of the American Institute of Banking are to be made available to all banks everywhere regardless of location under an extension of the A.I.B. educational program, William C. Way, president of the Institute, has announced.

This extension includes the offering of a new study course in the fundamentals of banking which can be given to the staff of any bank in any place under competent leadership right in its own shop. As indicated, this course, which is especially valuable to present-day personnel, is available to all banks, but is directed particularly to the

New Members

From Sept. 1, 1943 to Aug. 1, 1944, the American Bankers Association added 991 new members to its roster. Sixteen new memberships were obtained in July and four were regained.

State Bank Deposits Up

The thirteenth annual study of resources, liabilities, earnings and expenses of 9,549 state supervised banks shows a continued expansion of total deposits for the year 1943 of \$8,378,333,000, which is the largest increase since this survey was first begun.

Completed tabulations on this survey were sent to members of the State Bank Division during August.

G. E. Heming Joins Staff of Advertising Dept.

G. Edwin Heming, account executive and secretary of the Merrill Anderson Company of New York, has joined the staff of the Advertising Department of the American Bankers Association. Mr. Heming assumed his new duties Sept. 1.

For 20 years Mr. Heming was associated with the First National Bank and Trust Company of Freeport, N. Y. He started as a clerk, later becoming trust officer, and in 1935 was elected vice-president and member of his board of directors. For 12 years he was in charge of the bank's advertising and new business. In 1940 he became associated with the Merrill Anderson financial advertising agency.

Mr. Heming is a graduate of the Nassau Chapter of the American Institute of Banking. For several years he was chairman of the Nassau County Bankers Association educational and advertising committee.

Institute's new text, the "Fundamentals of Banking."

A unique tool of the course is an instructors' manual which makes practical banker leadership of the course not only possible but highly desirable. The manual shows exactly how to schedule and conduct the course, contains step-by-step suggestions for each class session, and makes student instruction a simple process.

The course is so designed that any practical, experienced banker can conduct it.

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

- Sept. 24-27 Second War Service Meeting, Stevens Hotel, Chicago
- Nov. 9-10 Mid-continent Trust Conference, Drake Hotel, Chicago.
- Nov. 14 Savings Conference, Kansas City, Mo.

State Associations

- Sept. 3-4 Iowa, Hotel Fort Des Moines, Des Moines

Other Organizations

- Sept. 6-9 Savings Banks Association of Maine, The Samoset, Rockland

- Sept. 19-20 National Association of Bank Auditors and Comptrollers, Hotel Cleveland, Cleveland, Ohio
- Sept. 27-28 Morris Plan Bankers Association, Westchester-Biltmore Country Club, Rye, New York
- Sept. 28-29 Savings Banks Association of the State of New York, Hotel Statler, Buffalo
- Sept. 28-29 National Association of Supervisors of State Banks, Milwaukee, Wisconsin
- Oct. 18-20 Mortgage Bankers Association, Edgewater Beach Hotel, Chicago
- Oct. 22-24 Robert Morris Associates, Edgewater Beach Hotel, Chicago
- Oct. 25-29 Financial Advertisers Association, Edgewater Beach Hotel, Chicago

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ANING

MERCHANTS HOME CREDIT

OPERATIONS—MANAGEMENT

INSURANCE AND PROTECTION

STAFF TRAINING

FARM CREDIT

TRUST WORK

EDUCATION BANKING

ECONOMIC POLICY—RESEARCH

STATE ASSOCIATIONS

GRAND SCHOOL

Safeguards of Freedom

American institutions can never be any greater or any more worthy than the community spirit which supports them. We know that the dual system of government has at all times been the strongest safeguard against authoritarian control. Local control enables a flexible operation and permits changes which meet the changing conditions of community life. The dual banking system is therefore not only a symbol but it is an anchor of economic and democratic freedom. — A. L. M. WIGGINS



U. S. — EDUCATION

SMALL BUSINESS CREDIT

POLICY AND PLANNING

CONGRESSIONAL HEARINGS

The Wiggins TEAM

*M*ILESTONES in American Bankers Association history—the full import of which it is now impossible to measure—have been reached during the presidency of A. L. Wiggins.



President A. L. M. Wiggins, above
President, Bank of Hartsville, Hartsville, South Carolina

Vice-president W. Randolph Burgess, right
Vice-chairman of Board, The National City Bank of New York

Executive Manager Harold Stonier, lower right

Treasurer Wilmer J. Waller, below
President, Hamilton National Bank, Washington, D. C.



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F. G. ADDISON, JR.



HARRIS & EWING



FRANK R. BILL

LEONARD P. AYRES

EUGENE ABEGG

ASIDE from the fact that the scope of practically every committee, commission, council and section of the A.B.A. has been considerably broadened during the year, several new committees and commissions have been created, including: Commission on Country Bank Operations, Credit Policy Commission, Committee on Specialty Credits, Post-War Small Business Commission, Committee on Veterans Affairs, and Committee on War Bond Redemptions. (Turn to page 56 for a fuller report of the year's activities.)

On these pages are pictures of the men who head the committees, commissions, councils and sections of the Association through which the year's achievements have been made possible.

Mr. Abegg is chairman, Subcommittee on Postal Savings System and president, Illinois National Bank and Trust Company, Rockford, Illinois

Mr. Ball is chairman, Board of Regents of The Graduate School of Banking and president, Lincoln-Alliance Bank and Trust Company, Rochester, New York

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Mr. Addison is chairman, Committee on Federal Legislation and president, Security Savings and Commercial Bank, Washington, D. C.

Mr. Bailey is chairman, Food-for-Freedom Committee and president, First National Bank, Clarksville, Tennessee

☆

☆

Mr. Ayres is chairman, Research Council and vice-president, The Cleveland Trust Company, Cleveland

Mr. Barry is chairman, Subcommittee on Specialty Credits and vice-president, Lincoln-Alliance Bank and Trust Company, Rochester, New York

C. W. BAILEY



DAVID C. BARRY

RAYMOND N. BALL





CLAUDE E. BENNETT



C. FRANCIS COCKE



KENTON R. CRAVENS

Mr. Bennett is chairman, Subcommittee on Federal Deposit Insurance Study and president, Tioga County Savings and Trust Company, Wellsboro, Pennsylvania

☆

Mr. Cocke is chairman, Subcommittee on Taxation and president, First National Exchange Bank, Roanoke, Virginia

☆

Mr. Cravens is chairman, Subcommittee on Consumer Credit and vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis

☆

Mr. Dominick is chairman, Committee on Organization and vice-president,

Traders Gate City National Bank, Kansas City

☆

Mr. Gladney is chairman, Insurance and Protective Committee and president, Fidelity National Bank, Baton Rouge, Louisiana

☆

Mr. Hanes is chairman, Post-War Credit Commission for Small Business and president, Wachovia Bank and Trust Company, Winston-Salem, North Carolina

☆

Mr. Hemingway is chairman, Advisory Committee on Special Activities and president, Mercantile-Commerce Bank Trust Company, St. Louis



R. L. DOMINICK



WILLIAM B. GLADNEY

ROBERT M. HANES



HARRIS & EWING



W. L. HEMINGWAY



LAUDER W. HODGES

Mr. Hodges is president, State Association Section and executive manager, California Bankers Association

☆

Mr. Kent is chairman, Commerce and Marine Commission and a director, Bankers Trust Company, New York

☆

Mr. Law is chairman, Board of Trustees, Educational Foundation in Economics and president, First National Bank, Houston, Texas

☆

Mr. Lawrence is president, Savings Division and treasurer, Maine Savings Bank, Portland



FRED I. KENT

Mr. Lawson is chairman, Ration Coupon Banking Committee and vice-president and comptroller, First National Bank, Boston

☆

Mr. Livingston is chairman, Subcommittee on Bankruptcy and attorney, First National Bank, Chicago

☆

Mr. McDonald is chairman, Commission on Country Bank Operations and president, Iowa Trust and Savings Bank, Estherville, Iowa



FRANCIS MARION LAW



FRED F. LAWRENCE



K. J. McDONALD



HOMER J. LIVINGSTON



WILBUR F. LAWSON



WILLIAM A. McDONNELL



SCHUYLER



WILLIAM H. NEAL

Mr. McDonnell is chairman, Bank Management Commission and executive vice-president, Commercial National Bank, Little Rock, Arkansas

☆

Mr. McGee is chairman, Credit Policy Commission and vice-president, Bankers Trust Company, New York

☆

Mr. Neal is chairman, Public Relations Council and vice-president, Wachovia Bank and Trust Company, Winston-Salem, North Carolina

☆

Mr. O'Neal is chairman, Special Subcommittee on War Bond Redemptions

and vice-president, The Riggs National Bank, Washington, D. C.

☆

Mr. O'Neill is chairman, Subcommittee on Agricultural Credit and vice-president, National Bank and Trust Company, Charlottesville, Virginia

☆

Mr. Pack is president, State Bank Division and president, Home State Bank, Kansas City, Kansas

☆

Mr. Peterson is president, National Bank Division and president, First National Bank, Paterson, New Jersey



NELSON B. O'NEAL

CLAUDE F. PACK



CHARLES T. O'NEILL



F. RAYMOND PETERSON



HARRIS & SWING

RUDOLPH E. REICHERT

Mr. Reichert is chairman, Subcommittee on Social Security and president, Ann Arbor Bank, Ann Arbor, Michigan

☆

Mr. Theis is president, Trust Division and vice-president, Guaranty Trust Company of New York

☆

Mr. Thompson is chairman, Agricultural Committee and president, National Bank and Trust Company, Norwich, New York

☆

Mr. Thorpe is chairman, Committee on State Legislation and vice-president,

HENRY A. THEIS



First and Lumbermen's National Bank, Chippewa Falls, Wisconsin

☆

Mr. Totton is chairman, Committee on Public Education and second vice-president, The Chase National Bank, New York

☆

Mr. Way is president, American Institute of Banking and trust officer, Central National Bank of Cleveland

☆

Mr. Williams is chairman, Subcommittee on Mortgage Financing and Urban Housing and vice-president, Bank of America N. T. & S. A., Los Angeles

WILLIAM C. WAY



BLANK & STOLLER

OTIS A. THOMPSON



G. O. THORPE



P. R. WILLIAMS



FRANK M. TOTTON

A YEAR OF



OBVIOUSLY the American Bankers Association's year of service to its members cannot be completely told in a brief summary of accomplishments such as this. By their very nature, many Association activities—such as appearances before congressional committees by Association representatives, consultations with members of Congress on proposed legislation and with administrative agencies of Federal and state governments, surveys made for the sole benefit of working committees and studies by independent agencies in which staff members collaborate in the collection and interpretation of data, legal opinions to countless banks on questions pertaining to bank operations, etc.,—preclude an accurate, all-inclusive statement of the year's accomplishments. Hence this chronicle of achievements tells only a part of the story and, of necessity, omits many activities.

Every book, folder or advertisement produced during the year entailed a study of the subject in advance of publication; however, to avoid duplications, published studies are included only once. Several of the studies completed this year were begun, of course, in previous years and others included in this summary, while initiated this year, will carry over into succeeding years.

Legislation

MUCH time and effort has been devoted to legislative problems incident to agricultural credit. Throughout the year numerous meetings of the Subcommittee on Agricultural Credit were held and bankers interested in agricultural credit were called into consultation with Association officers and agricultural committees.

While congressional legislation affecting the banking business has not been so voluminous as in previous years, the Committee on Federal Legislation has had a very active year dealing with many administrative problems which have been incorporated into proposed bills. No legislation

has been enacted by Congress during the year which is in any manner adverse to the interests of banks.

Some of the more important questions engaging the attention of the Committee on State Legislation are state bank taxes, securing passage of the 33 A. B. A. sponsored uniform bills, drafting a model state banking code, consideration of uniform accounts receivable legislation, and a study of trends in banking legislation. Four of the approved uniform measures were passed in 1944, compared with 39 in 1943, when more legislatures were in session.

Important developments in congressional legislation:

Presentation before Cooley subcommittee of House Committee on Agriculture of banking viewpoint on production credit associations and government subsidized credit in general

Introduction of Cooley Bill (H. R. 4876) (and subsequent hearings) which would transfer FSA, RACC and Emergency Crop and Feed Loans to so-called Farmers' Home Corporation and limit extension of socialized credit to those entitled to it

Passage of resolution authorizing Cooley subcommittee of House Committee on Agriculture to make study of Farm Credit Administration

War contract termination legislation

Bill introduced by Senator Wagner, S. 2033, designed to relieve banks of indefinite liability on government checks and warrants which bear forged or unauthorized signatures or endorsements or which have been altered

Military Appropriation Act relieving banks from liability in handling government checks representing allotments, transfers, etc., of men and women in military service

Publications

Paton's Digest, Vol. III

The Place of the United States in the Post-War Economy



ATION

Fifth War Loan—A Major Selling Job for America's Banks
Owned Real Estate and Mortgage Amortization
The A. B. A. Fights the PCA Subsidy
The Home Front

A Program for Country Banks—1944

Helping Farmers Build Financial Reserves

The Country Bank's Portfolio of United States Government Securities

Loans on stored commodities under CCC program

Commission on Country Bank Operations Bulletins

Agricultural Commission and Food-for-Freedom Committee Bulletins

Six tables showing farmers' attitude toward PCA's and banks

Six Gilbert T. Stephenson Trust Studies—

Earmarks of a Good Trust Institution

The Preferred Beneficiaries of Trusts

Intermediate Court Accounting by Trust Institutions

Rights of Out-of-State Trust Institutions

Pay-as-You-Go Applied to Trust Compensation

Nominee Registration of Securities Held in Trust Accounts

12 issues *The Trust Bulletin*

11 portfolios containing 500 trust operating forms

Check Standardization and Simplification

Chart of modernization loans permissible under WPB, Regulation W and FHA

Airplane Financing manual

Rebate schedule for instalment loans

Safe-Keeping—How Banks Are Meeting Demands

Time Sales—Equipment Loans

12 issues **BANKING**

12 issues *BANKING'S News Letter*

12 issues *A. B. A. News* (staff house organ)

A Wartime Challenge—A Peacetime Opportunity (Savings)

At Work for Your Bank (Membership)

Digest of Bank Insurance (third revision)

12 issues *Protective Bulletin*

Washington Legislative Bulletin

Ration Banking Bulletins

A. B. A. Staff Speakers' Roster

Four issues *A. I. B. Bulletin*

Trusts I *

The Teller's Handbook *

Bank Bookkeeping and Accounting *

The Bank Bookkeeper's Handbook *

Country Bankers! Here's a Simple Way to Train Your Wartime Banking Staff

*A. I. B. textbooks

Surveys, Studies and Reports

PCA subsidies

Government in the farm credit field

PCA loans by PCA districts

Agricultural loans in individual counties by commercial banks

1,000-point bank-agriculture rating program

Service charge formulas for country banks

Cost analysis of country bank operations



Safe deposit procedure of country banks

Farm land price trends

Trends in state bank legislation

Accounts receivable legislation attitude of referees in bankruptcy

Rules and regulations for savings banks and savings departments of commercial banks

Employee trusts

Semi-annual surveys of war production loans and commitments

Service charges on checking accounts and other miscellaneous services

Five-year study of state bank supervision

Post-war consumer credit outlook

Earnings and expenses of insured commercial banks

Assets and liabilities of state banks

Earnings and expenses of national banks

Banking Education

A: I. B. membership—49,140 (23,495 women); enrolment for class work—22,600 (15,452 women)

12 40-hour Job Instructor Training institutes, with 113 men and women, drawn from 106 banks in 58 cities, qualifying to conduct 10-hour JIT program. Nearly 3,000 bank job

(CONTINUED ON PAGE 133)

THE OUTLOOK

Post-War Credit

DEPUTY MANAGER FRENCH is secretary of the A.B.A. Credit Policy Commission.

IF THE whole field of credit is surveyed in an attempt to anticipate demands that will be made upon it after the war by both consumer and producer, most informed persons will agree that adequate credit will be available from private sources and that there will be no credit problem.

Ample credit will be available for the consumer. Nine thousand banks have indicated that they will make this type of credit available after the war. Big business will have no credit problem; many sources are available to it. Small business should have no credit problem after the war, and yet that is the one group that is getting special attention from Federal legislators and government bureaus which want to see government expand its activities in the field of private credit.

The credit needed by legitimate small enterprise has always been provided by the private credit system of this country, but now certain groups in Congress, in both major political parties, are making a bid for the favors of small business. This is indicated by legislation which has been introduced over the past few months, for example: S. 1918, the Wagner bill, which would set up a junior RFC within the Federal Reserve System designed to help small business by guaranteeing loans made by banks and other financial institutions; S. 1777, the Taft bill, which would set up a division in the Department of Commerce not only to guarantee loans made to small business by banks and other financial institutions but also to supply equity capital in the form of common and preferred stock.

It is rather difficult to follow the line of reasoning of advocates of this type of measure who argue that it is designed to save individual enterprise when the Government, by reason of the money it invests, is a substantial part-owner. It seems obvious that you cannot go into business partnership with the Government and retain the freedom necessary to individual enterprise.

Murray Bill and SWPC

S. 1913, the Murray bill, seeks not only to prolong the life of the Smaller War Plants Corporation but actually to expand its facilities. That is the real threat to the private credit system of this country. Recent material issued by this government corporation offers to do just about everything for small business except provide capable management and assure profits. The billion dollar capital which S. 1913 would provide for the Small Business Corporation, if it should become law, would make it by far the largest credit agency in the country.

This huge corporation is advocated solely for the credit needs of small business.

If we are to maintain the benefits of our economy, we need small business, lots of small business. But we need small business in its true, legitimate form—enterprise that creates for itself, starting from a small beginning and growing big and strong, healthy business growth that comes from experience and capable management.

The Worst Competition

The worst possible competition for legitimate small business would be competition from business operated by any credit agency that attempts to create small business by the simple process of handing out money and credit. Under such a scheme management could not possibly be tested or tried, and great damage might thus result to our economy. Any agency that makes possible easy credit on long terms would be unfair to legitimate business because it would place money in the hands of some who are not capable of good management. An agency that would supply the buildings and machines to a new business on any free and easy basis would take away from enterprise the chief reward of good business judgment. Small business which begins on a "shoe-string" and does a little better year after year, is what makes American business the important influence it is in our economy.

Business Needs Private Credit

Competitive enterprise is difficult enough under fair and legitimate conditions. Under such a system the weaklings eventually are removed from competition. They either give up themselves or they are forced into bankruptcy. Those businesses which survive do so because they have demonstrated by actual experience that they can successfully meet and overcome the risks involved. All business must have private credit available always or in most cases it cannot survive. The credit needs of sound business must be supplied and should be supplied by the private credit system.

If any credit agency is permitted to develop that will make loans on any but a sound basis, that will make money available to incompetents with little regard for those already in the field, that will greatly injure small business in America. As one industrialist recently put it, "We can meet any kind of competition in my business but bankrupt competition." No legitimate business can.

The question to be determined very soon is whether the credit and capital available in this country are ample for the needs of business. Recent surveys indicate that they are more than adequate, and further that those who have the responsibility of making this credit

and capital available to business are ready, willing, and anxious to do so. In order to bring about a more favorable situation, some new legislation is needed—not legislation that would create more government credit agencies but legislation that would encourage available capital and credit to seek their proper markets.

Two Changes Needed

Two changes in existing laws should be made very soon—modification of the SEC regulation so that capital for small businesses can be made available without making it necessary to go through all the formality of the larger set-ups, and modification of income tax laws as they apply to business, especially small business.

The incentive to invest money and do business is profit. Small business especially should be permitted to make a good profit. The two legislative changes suggested above would encourage legitimate small business, not subsidized incompetence sustained by a free and easy credit corporation.

Whatever may be the needs of business enterprise, both small and large, after the war, money and credit are available from private sources in amounts far greater



than will be needed. There is only one serious problem facing the private credit field not only after the war, but now and always, and that is the interference of government agencies with its normal function.

Real Estate Credit

DR. FISHER is deputy manager of the American Bankers Association, in charge of the Savings Division, and is director of research in mortgage and real estate finance.

IT APPEARS likely that there will be a considerable demand for mortgage credit in the post-war period. Significantly enough, this demand is making itself felt even before the release of materials and labor from wartime restrictions. The volume of mortgage credit advanced on homes during the current year has been in excess of that advanced during the same period last year. This increase in advances must be accounted for largely by an increase in activity in the real estate market.

For a decade the real estate market has been rising, as measured by every index except that of volume of construction. This index turned up in 1935, and maintained a steady climb, almost without interruption, until wartime restrictions were imposed.

Likewise, rents had begun to rise about 1935 in most communities, feebly at first, but with some vigor immediately preceding the initiation of the defense program and during its progress. In some communities rents had attained a level comparable to the level of other price indexes, prior to the imposition of rent control under the provisions of the Price Control Act of 1942. Rents, however, are one price which has been effectively controlled.

Factors in the Demand

With incomes rising, a relatively high marriage rate, and building almost at a standstill, the pressure on the house supply has converted the housing market into a seller's market. With the release of wartime restrictions

on building, a very considerable volume of construction can reasonably be anticipated, and new mortgage funds will probably be required for a large proportion of this new construction.

The provisions of the so-called "GI Bill of Rights" will probably enable a large number of returning and discharged veterans to enter the market for homes with 100 per cent of the cash in hand, borrowed from and guaranteed or insured by the Federal Government.

It is difficult to see how a very considerable increase in prices can be avoided under these conditions. The mortgage lender is faced with the problem, therefore, of determining what constitutes a reasonable price that can be expected to hold stable during the term of his mortgage. Uncertainties with respect to the duration of rent control and other limitations on the market add to the difficulties of formulating and executing a program of mortgage lending with assurance. Mortgage lenders therefore will watch the market with the keenest interest, both between now and the conclusion of the war, and during the early part of the post-war period, to discover at the earliest possible moment what directions the sensitive indexes of the real estate market situation will take.

Building Costs

Among these indexes are, first, the cost of building. Building costs will be influenced by two major factors. One is the current cost of labor and materials when utilized in the ordinary fashion; the other is the progress made in mass-production methods and technological changes which tend to reduce the cost of building. As one of these factors gains ascendancy over the other,

the total cost of construction tends to rise or fall. For a period of some seven years the costs of building have been rising almost without interruption. It is not likely that the ordinary methods of construction will see any decline in cost immediately after the end of the war. It remains to be seen what can be done by way of technological improvements and large-scale production to offset rises in costs of materials and labor.

Prices and Rents

The second index is that of real estate prices. This index likewise has been rising for a considerable period, and much concern has been expressed about whether current prices in many communities do not represent some inflation of real estate. If prices continue to rise after the war is over, mortgage lenders will tend to become more conservative in the amounts which they advance against current prices.

Rents are another sensitive index, and would be watched with close scrutiny except for the prevalence of rent control. There are many reasons for expecting

rent control to continue for some time after the war. A recent statement of the CIO has this to say about rent control in the post-war period:

"The rent control program of the Federal Government, which has been the most effective part of the entire price-stabilization program, must be continued and defended against attack. Inasmuch as the outlook for the immediate post-war period is one of continued scarcity and high demand, it is essential that rent control policies be continued into the post-war years. It is probable that rent control should be made a permanent feature of the economy."

In places where they are available, vacancy counts will prove another valuable index which will be closely watched in the post-war period.

In the midst of numerous uncertainties, mortgage credit will be more abundant than at any time in the history of our country. The situation therefore will test both the understanding and the integrity of the mortgage lender as few situations have ever tested them.

Savings

MR. DUNKERLEY is secretary of the A.B.A. Savings Division.

NOT many years ago time deposits in banks exceeded demand deposits. On December 31 last, some 45 million savings depositors had approximately \$30,000,000,000 to their credit in banks. Demand deposits of individuals, partnerships and corporations on that date were nearly \$60,000,000,000.

To some extent these figures are misleading. It might reasonably be assumed, for instance, that a certain percentage of the \$60,000,000,000 are time deposits on which certain banks are unwilling to pay interest but are really *savings* as contrasted to our usual conception of demand money with its high activity.

Whatever may have been the shift in deposits it would appear that, since banks hold the preponderance of savings, the American people still favor banks over competing depositories for the safekeeping of their savings.

Change in Attitude

Our hold on the savings depositor was secured during those years when banks aggressively sought savings deposits. As a result of a changed attitude in recent years ranging from lukewarm tolerance to absolute refusal to accept savings, we note a trend away from banks toward competing institutions.

The Savings Division of the American Bankers Association believes that savings are still of great importance to the nation, the individual citizen and to the banks. The Division takes the position that banks have a responsibility for leadership in this field and should promote and encourage thrift habits.

In order to carry out the objectives sought by the

Savings Division, the following program is recommended:

(1) In commercial banks, consider the problems of the savings department as important as those of any other department.

(2) *Analyze your savings liability.* To properly manage the savings department it is necessary to understand the deposit structure and depositor behavior, which vary greatly among banks. Changes in savings policies can be more intelligently determined if complete information is available regarding, (a) size of accounts; (b) age of accounts; (c) age of depositors; (d) account activity in various size and age groups; and (e) other data relating to industrial and other community characteristics.

(3) *Analyze costs of operation.* It can be conclusively proved that many banks make a greater profit on savings accounts than they do on their demand deposits. In some banks where this is not true, a cost analysis will help determine changes in policy which will result in a more profitable operation.



(4) *Examine your method of determining balances on which interest should be paid.* Determine whether your method is fair to both depositor and bank.

(5) *Promote savings.* Through advertising and other forms of promotion, let the public know that you welcome savings deposits.

(6) *Exploit savings depositors for business for other departments:* loans, safe deposit boxes, checking accounts, trusts, etc.

(7) *Review mortgage loan practices.* Since mortgages are a type of investment appropriate for savings funds, determine, (a) Whether your bank can secure a greater percentage of available mortgage loans; (b)

whether your methods of handling loans are efficient.

(8) *Employee training.* See that employees in savings department are as well trained as employees in other departments, especially in their contacts with the public. Encourage study at chapters of the American Institute of Banking, or organize study groups where no chapter is near by.

(9) *Officer training.* Management of savings department requires specialized knowledge. Encourage savings officers to enroll at The Graduate School of Banking.

The Savings Division would welcome an opportunity of working out all or any part of this program with individual banks.

Trust Service



Mr. SELECMAN is secretary of the A.B.A. Trust Division.

THIS discussion of the outlook for trust service will be confined to the possibilities in the personal trust field. These should be greater in the years ahead than at any other time in its 122-year history in this country.

This does not mean that the path ahead will be a bed of roses. Quite the contrary. Trust business has its share of problems now and will continue to have them. But many of these very problems are, in themselves, creating opportunities for personal trust business. Let's take a look at a few of the present signposts which point to a favorable outlook in the trust field.

In bygone days the possession of money and ownership of property did not impose many worries or difficult tasks in conservation. That condition, however, has disappeared gradually and its return is not evident—even on distant horizons.

Wide usage of the corporate form of doing business has vastly multiplied the types of property, extended the range of investments, and has made business more difficult for the average individual to understand.

Problems of Property Management

Taxes, because of their size and complexities, have moved forward to a front rank position among present-day problems. There does not appear to be too much relief in sight, either in simplicity or reduction.

Actual and threatened changes in our business structure, new and proposed laws and conditions affecting property and investments, intricacies in government control and regulation, uncertainties as to inflation and future values—all of these increase the difficulties of property management and conservation.

It is these very difficulties which harass our property-owning citizens that have created new opportunities in the trust field for real public service. More people than ever before need our facilities. Never has the task of money management or the protection of the lifetime accumulation of men of moderate means for the welfare of their families been so difficult.



Advantages of a Corporate Trust Service

As long as property exists, even in modest amounts, there will be a need for someone with experience to manage it and pass it on, orderly and economically, from one generation to another. The surface for trust business in America has barely been scratched as is shown by probate records throughout the country.

No better plan has yet been devised for the expert handling of estates of deceased persons, for the management of trust funds, and for the conservation of investments for the living. Individual fiduciaries are becoming outmoded by complexities of the work. The sentiment of the public is increasingly more favorable to the corporate trustee because of the splendid record it has made and is now making in serving the best interests of the public.

Trust service (as yet) has no Federal competition. Because of long experience, the quality of trust service is better than ever before.

Despite the decrease in large estates, there is greater need for corporate trust service than ever before by people of moderate means. The steady spread of the use of common trust funds is affording a sound mechanism for serving an increasing number of persons in

these lower economic brackets. Enabling legislation for common trust funds has now been enacted in 22 states. Actually, trust institutions are already handling thousands of smaller estates and trusts and have done so for a long time, as shown by a Trust Division survey.

Potential Business

There has been no wartime boom in the trust business. But there has been, in most places, a steady increase, limited chiefly by personnel shortage to develop the available potential business. The wartime record of trust institutions has been a good one and should produce future dividends of goodwill and new business.

Trust institutions will have no post-war reconversion problems, or inventory worries, or retooling, or re-designing of new products. The fundamental nature of our services has not been changed by the war. But conditions which affect the trust business have undergone great change. These are largely economic, social, and political influences, national and international, which are beyond the immediate control of trust men. They are the problems which confront all business men and owners of property, such as inflation, unemployment, Federal debt, taxes, government regulation and controls, destruction of private initiative and incentive, etc.

Trust men expect to do their share in helping to find a solution to these problems. But they also are looking to organized commercial banking for much help in these tasks because they are so closely interwoven with the interests of commercial banking.

Advertising

MR. MACK is assistant director of the Advertising Department.

AN ERA is rapidly drawing to a close. It has been a confused, unbelievable period, bounded by two world wars, characterized by unrest, studded with peaks of prosperity and depths of depression.

It has seen banking fall to the low-water mark of public opinion only to rise again by its own herculean efforts. It has witnessed the failure of thousands of banks, followed by the discarding of outworn methods, the introduction of new ideas and the emergence of a better, stronger, more enlightened banking system.

In this passing era, banking has slowly but surely changed from a "class" to a "mass" business. Special checking accounts, amortized mortgages, personal loans, automobile and equipment loans, money orders—these and many other services for John and Jane Doe appeared on the scene and spread like wildfire.

Merchandising Worked!

In this period banking has tried its merchandising wingers—and found that it could fly! Bankers for long were "order takers," sitting back waiting for business to come in. But here and there a few began to experiment

It is well to remember also that commercial banking has a considerable stake in the trust business. Trust service, with few exceptions, has grown up within the framework of commercial banking and probably will remain there. The customers of the trust department are usually the customers of the bank. The bank customers are usually the prime prospects for the trust department. The bank, which helps a man to become successful in his business and to create an estate, is doing only half of its job and duty to that man if it does not follow through and help him conserve and manage that estate for his own welfare in later years, and for the benefit of his family. Most business and professional men are too engrossed in their own work to become experts in conservation and estate management. They have every right to expect organized banking, through trust service, to do a complete financial job for them and their families.

Opportunities

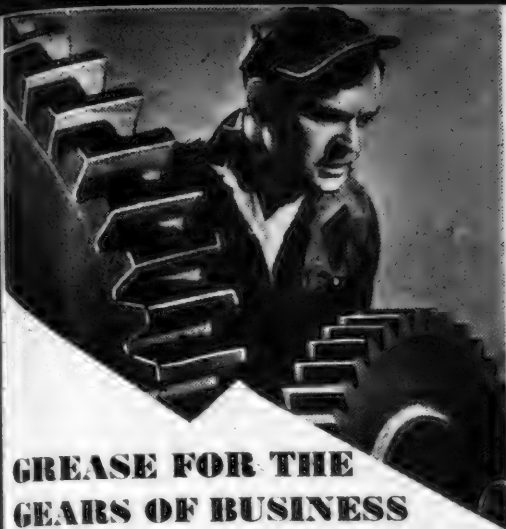
Those who are interested in the future of trust service should not forget that the opportunities in this field are primarily those of service and not of large profit.

By the very nature of trust service it is not—and will never be—a big money maker, although at all times it should be "worthy of its hire." But as long as our system of private ownership of property endures there will be a public need for the type of service we are equipped by long experience to render. Trust institutions can serve this public need—and serve it well—at a fair profit for services rendered.

with modern merchandising methods. They became salesmen of service.

Their success drew the attention of others. Newspaper advertising progressed from the "bank building and list of officers" stage to a point where "stopper" headlines, selling copy, cartoons, photographs, animated strips and other devices used by national advertisers became commonplace. Direct mail came into wide acceptance and some banks even experimented with illustrated letters, giant telegrams, and door-to-door delivery. Radio was tried gingerly, and when it worked scores of banks went on the air. Here and there a showman appeared on the scene and dramatized his bank by employing unique architecture, outdoor banking facilities, lobby exhibits and similar tactics. These were the first stirrings of that powerful giant, known as merchandising, in our banking system. It was an era of experiment, of trial, of test, of discovery that bank services could be sold as readily by sound merchandising as automobiles and refrigerators.

Another thing happened in this period—a very significant thing. Banks witnessed the growth of competition, in almost every phase of their business, to proportions never before encountered. Federal savings and loan associations competed for savings and mortgages. Finance companies and small loan companies offered the



GREASE FOR THE GEARS OF BUSINESS

If ready cash will help the wheels of your business to turn faster, see us about a Bank Loan.

Advertisement prepared by the A.B.A. Advertising Department

toughest kind of competition in the consumer loan field. The Government came into the picture with over 40 lending agencies, striking at the very foundation of bank income in many sections of the country.

The Old Order Has Changed

Bankers everywhere have seen these things happen. They know that the old order has changed, that mass selling in the face of stern competition requires new thinking and new methods. They have experienced, or witnessed, the business-building magic of sound merchandising. They have learned to fly, and now they are only waiting for the signal—*VICTORY*—to take off and apply their knowledge.

The progressive banker of tomorrow will be merchandising minded. He will think in merchandising terms, such as "product (service) analysis," "consumer opinion," "competition," "media," "publicity," and "advertising."

He will not delegate his bank's advertising and publicity to an amateur. He won't run an ad now and then "just to keep the newspaper happy."

Instead he will regard his bank's merchandising policies as a vitally important part of bank management. He will establish a budget for promotional cost as carefully and intelligently as he budgets salary and overhead. He will aim for results. Every dollar spent to sell service will be considered an investment that should yield a return as definitely as the bonds in his portfolio.

He will study his bank—its services—the "product" it has for sale. He will analyze his "market," the community he serves. He will know that all people are not alike, that he has not just one market, but many markets made up of different groups—low income, high income, women, business concerns, home owners, young people,

old people, farmers, professional people—right in his trade area.

He will study the avenues of approach to the inner consciousness of these people in his community. To him the newspapers, radio, perhaps television, the mails, bill boards, bus and car cards, displays and other advertising media will be more than so many overworked words. They will represent straight lines of contact between him and the eyes and ears and minds of his prospective customers.

The Job to Be Done

Intelligent analysis of his services, his competition and his markets will reveal, to this merchandising minded banker of tomorrow, the size and shape of the job to be done. He won't, as too many banks do, set aside a small sum each year earmarked "advertising" and then spend it without plan by getting out an occasional "message." Instead he'll create a comprehensive selling program, based on complete knowledge of his bank, his competition and his community, and appropriate the funds necessary to carry it through.

What to say and how to say it will engage much of his time. He will recognize this as the vitally important culmination of all his study and planning. Working closely with experienced advertising counsel he will carefully analyze the wants and desires of people as they relate to his services. Knowing just how his bank's services meet these wants and desires, he will see to it that his copy, his headlines, his radio script, his layouts and designs—the entire substance and form of his advertising—adhere to sound selling principles. He will, in short, shoot for results. And if the merchandising history of American business can be considered a proving ground, he will get results.

ONE indication of what lies ahead in the realm of bank advertising is the mounting flow of letters to the A.B.A. from member banks. By the hundreds banks are laying the groundwork for their post-war business development efforts. Of over 10,000 banks answering a recent questionnaire, 96 per cent said they planned to offer various consumer loan services after the war. These banks aren't "flying blind."

The A.B.A. Advertising Department, and other Association departments whose function it is to help member banks with their merchandising and public relations problems, are at work now on plans and material that will be ready for use when peace gets under way.

The A.B.A. will continue to be of considerable value to banks in their merchandising by acting as a clearing-house of ideas and information, by gathering and disseminating data on modern methods and procedures, and by supplying some of the tools banks need to carry out their individual programs.

But in the final analysis, effective merchandising must be keyed closely to the individual bank, local competition, local media and the community. For that reason it is highly important that bank management itself be sales-minded and informed to a point where each bank can work out its own hard-hitting sales plan. It will well pay every banker to become "merchandising minded" in the merchandising era that lies ahead.

EDUCATION Two Make a St

MR. WAY is president of the American Institute of Banking and trust officer of the Central National Bank of Cleveland.

IN a small town in North Dakota, two bank employees constitute a class recently organized to study the course in bank bookkeeping and accounting offered by the American Institute of Banking. This is a striking example of the fact that smallness is no deterrent to the acquisition of a banking education in the classroom and by personal instruction. The unfortunate part of the story, from the standpoint of American banking, is that it is not a common example.

That small group of pioneers who founded the Institute at the turn of the century had in mind as their objective an organization through which all bank employees in the country could acquire a banking education by utilizing their spare time for taking prescribed courses of study. Although that was almost 44 years ago, the objective is still far from complete attainment.

Approximately 300,000 persons are today engaged in banking in the United States. While about one out of every four is a member of the American Institute of Banking, only about one out of 15 is enrolled in a course offered by an Institute chapter or study group. Most of these students are employees of banks in cities of 25,000 or more population. Twelve states account for two-thirds of them. These statistics become more surprising when we find that in each of 26 states there are only five or fewer Institute chapters or study groups.

THE foregoing figures indicate that the educational advantages offered by the A.I.B. are utilized mainly by the personnel of banks in the larger centers of population. Many country bankers seem to have the idea that the educational facilities of the Institute are available only to city bankers. This is not at all the case.

The study group form of organization is designed solely for the benefit of bankers in communities where the banking personnel is not large enough to maintain a regular chapter with a membership of 50 or more. "We are too small" is no alibi for denying a bank employee the opportunity to improve his or her knowledge of banking, because an A.I.B. study group may be organized at any time provided there are at least two students and an instructor.

"It's too expensive" is likewise a futile alibi. The fixed charges per student vary from \$6 to \$7.75, depending upon the course of study. This charge covers membership dues of 75 cents, the cost of the Institute text (\$3 to \$4), and the educational supervisory fee of \$3 to compensate the national office for its services.

Space will not permit going into further detail on the study group form of organization. Information can be

A Nationwide

IN THE outlook for bank education, I see the country bank assuming a place of increasing importance. For men and women whose access to institutions of learning is not easy, no plan yet devised equals that of the study group. In such a group only an intelligent and resourceful leader is needed in order to achieve all the benefits of teaching and of competitive group learning. The spirit of rivalry so essential to spur a student is present at every session, and good results are almost inevitably assured.

Such a plan is available for the conduct of courses offered by the American Institute of Banking. It is an ideal method of study, especially for employees of country banks, who normally would have only the choice of correspondence work. Instead of having to toil over lessons alone, or to be able to get helpful sug-

obtained from the American Institute of Banking, 22 E. 40th Street, New York.

There are 18 courses in the regular Institute curriculum. These do not include the so-called "quickie" courses, namely, an introduction to the study of banking, bank bookkeeping and accounting, and "The Teller's Handbook," designed for the present emergency. The supervisory fee of \$3 per student applies only to each regular course, and not to the "quickie" courses. The most popular A.I.B. course this year has been Fundamentals of Banking. The text is the best ever written on the subject. Nothing should interfere with the organization of a study group for this course in every community where "two or three are gathered together" in the business of banking.

Remember the class of two students in that small town in North Dakota. Maybe those two students are "temporary employees." If so, we can rejoice in the knowledge that they want to do more than a "temporary job" in giving to the people of their community the same quality of banking service rendered by those two or three whom they have replaced and who for the time being are rendering a much greater service.

PRIOR to Pearl Harbor more than 40,000 ambitious bankers, men and women, young and old, were using their spare time profitably. They were students. Their school was the American Institute of Banking. The school is still here ready and willing to serve. The

Study Group

Program ♦ ♦ ♦ ♦ ♦

gestions by mail, they have present with them as leader, an experienced bank man or woman who can help them over rough spots; in addition they have the tremendous advantage of regular class discussions, which develop not only different points of view but also those parts of the study that are otherwise somewhat obscure to the student who works alone.

The plan is most heartily commended to country banks by one who has had a quarter of a century of educational experience, mainly with adult groups. Be sure to consider it carefully as an answer to your basic employee-training problems. It is the ideal solution.

WILLIAM A. IRWIN
National Educational Director
American Institute of Banking



11 employees of Iowa Trust and Savings Bank of
Estherville, shown above, are members of a study group.
President E. J. McDonald, seated from right, will instruct
Commercial Law this Fall.

meetings regularly held for all employees. Someone suggested the idea of studying together as a group.

The first course, "Fundamentals of Banking," has been completed. Because of my experience and position, the group seemed to think I was qualified to teach the course. I can truthfully say I have gained as much from the course as has any one of the students. This Fall, our president, who practiced law before entering banking, will have charge of the course on Commercial Law.

Three hours a week were spent in classwork, from 7:30 P.M. until 9:30 P.M. Wednesday evenings, and two half-hour morning meetings on bank time before the bank opened. Meetings were held promptly, and everyone knew the good natured razzing to be expected by any late-comer. Because the group was small, discussion was intimate, everyone freely participating.

Since the membership was limited to our own employees, we were able to tie in the textbook work with actual banking examples, many of which, because of their confidential nature, could not have been used had outsiders been present. Chapter by chapter as we went through the textbook, we compared our own procedures, seeking ways of improvement.

Until an employee understands the reasons back of and for banking procedure, until he understands the services a bank seeks to render, he does not understand his own work. With such understanding he approaches his task intelligently. One result of the course was the adoption of several suggestions made growing out of individual thinking and initiative.

One of the significant benefits may be termed that of personnel relationship. An understanding of the responsibilities of each one and how each is dependent on the other has surely contributed to that teamwork so necessary in banking.

Our employees have enjoyed the course. Those who do not plan to make banking their career feel the business knowledge and training thus received will always be valuable. What they have studied has been practical, and they have seen its application.

The bank has most definitely benefited from this study group and from the course we have had in "Fundamentals of Banking"—in improved knowledge and understanding—and most of all in the interest created in the welfare and future of the bank—in the realization that to the public the employees are the bank.

C. ELWOOD MILLER
Cashier, Iowa Trust and Savings Bank

majority of those 40,000 students of pre-war days have been called from the banks and the classrooms to participate in the conflict for the preservation, among other things, of our private banking system and the right to achieve through individual effort.

The fact that, since December 1941, student enrollment in the Institute has decreased from over 40,000 to approximately 23,000 raises the question: What kind of preservation are the banks on the home front maintaining? Can that question be answered satisfactorily with the knowledge that less than 18 per cent of our banking personnel is enrolled in the courses sponsored by the 201 chapters and 32 study groups of the American Institute of Banking? Think it over. If there is doubt in your mind and if there is not a study group in your community, organize one without delay.

"Someone Suggested Studying Together"

Estherville, Iowa.

HERE in a country bank in a country town a regular American Institute of Banking chapter didn't seem possible, especially in these days of gas rationing.

The matter was discussed in several of our morning

Insurance and Protection

DEPUTY MANAGER BAUM is also secretary of the Insurance and Protective Committee.

THE low loss ratios on risks peculiar to banking, as reported since 1934, are likely to continue for at least a year or two after the end of this global war. This gratifying condition on the home front of bank protection, reflecting more than a decade of effective measures of loss prevention, is primarily responsible for the several rate reductions allowed on bank insurance contracts since 1936.

A dollar saved is a dollar earned and although welcomed by all banks, the frequency of these reductions has caused some bankers to query whether or not the rates prior to 1936 were excessive. The answer here is that the higher rates previously in force were due to excessively high loss ratios reported for more than 12 years prior to 1932.

Other factors are that sound underwriting demands a satisfactory back-log, including a sufficient period of favorable loss experience, plus due allowance for added exposure to liability for future losses, before equitable rate deductions can be made. With each additional year of satisfactory experience behind them, underwriters are better fortified to allow further cuts in premiums. If these decreases seem to come in piecemeal fashion, they at least tend to stabilize rate schedules and avoid sharp fluctuations in premiums. Moreover, bank insurance contracts must be broadened and clarified periodically to keep the cushion of insurance coverage well padded and abreast of the ever-changing operations in banking. In a word, the quality of bank insurance was never higher than now, nor the cost so low.

Where State Laws Are Needed

Great strides have been made in lowering bank insurance costs and equalizing the rate schedules. But there are two types of losses, liability for which has been saddled upon banks, which cry aloud for corrective state legislation. These involve checks made payable to fictitious payees and certain transactions of corporate fiduciaries. Together they have caused substantial losses to banks in some of the 43 states and the District of Columbia where the A.B.A. Fictitious Payee Act has not been enacted and in other states where our uniform Fiduciaries Act is yet to become law. It is readily apparent, therefore, why the Insurance and Protective Committee is keenly interested in getting bankers to give more aggressive support to these A.B.A. model statutes.

Scarcity of materials and commodities through diversion to the war effort opens the door to black markets and increases the hazards of fire, robbery and theft of such property. So long as this scarcity prevails, banks having loans on commodities or materials which are difficult or impossible to replace, should continue to insist upon the broadest insurance protection against loss of these products from any cause. The amount of insurance should also be adequate to cover increasingly higher values of

such collateral property. Under wartime conditions sound banking makes it imperative that protection of borrowers' collateral of all kinds be subject to appraisal and reappraisal to keep abreast of increasing costs of replacement.

Shortages of labor in the building trades for civilian construction and the scarcity and high costs of materials for reconstruction of buildings partially or wholly destroyed by fire or other causes also warrant careful study. Building appraisals should, therefore, be reviewed by banks and the amount of insurance compared with the insurable value of buildings in which they are interested as owner, mortgagee or in any fiduciary capacity. In some instances where increases in the insurable values of real property have been overlooked, banks and other owners or mortgagees have been unable to collect full indemnity for partial losses because of the 80 per cent coinsurance clause in fire policies.

Modernized Fire Insurance

Speaking of fire insurance, property owners in 27 states, Alaska and the District of Columbia, now enjoy the advantages of a modernized fire policy, adoption of which has been a major item on the Insurance and Protective Committee's program since 1938. This new and improved policy, known as the 1943 standard form, or contracts similar in substance are expected to be approved next year for use in 16 other states, the majority of which require legislative action for revision of their present statutory forms of fire policies. The importance to banks of high quality fire insurance protection with no holes is attested by the fact that banks and trust companies hold mortgages on improved real estate aggregating more than \$8,600,000,000. Thanks to the aggressive support of bankers and their state and national associations, within another 12 months we shall find an up-to-date, broader form of fire insurance contract protecting untold values in property in a greater number of states than at any time in the history of this country.



Minneapolis A.B.A. chapter hosts conference—one of 11 regional meetings held throughout country

An increasing demand for the Committee's *Digest of Bank Insurance*, now in its second printing, means that more and more banks will be better informed on this bulwark of bank protection—a keystone of bank management.

Reverting to the rough element, the army of crooks whose activities are responsible for a goodly portion of bank insurance, all indications point to another year or two of low levels in the number of fraudulent or criminal attacks against banks. Among other post-war problems which confront banks, combating crime has aroused

serious concern and consideration. Weighing the contributing factors, including the possibility of unemployment, labor unrest, radicalism, etc., it may return as a problem of huge proportions in the post-war period. Also, we should not overlook the fact that millions of men now serving in our armed forces have been converted from their normal everyday life of peaceful law-abiding activity through intensive training in the school of "kill or be killed" warfare. Study of the problem now is justified on the premise that "In times of peace we must prepare for war," at least on this home front.

State Legislation

MR. WYCKOFF is a member of the Association's Legal staff.

NEW occasions bring new legislation. What are some of the new occasions which will stimulate legislative activity in 1945?

Bank deposits have increased much more rapidly than capital structure. The danger from this is greatly lessened by the considerable growth of cash on hand and on deposit and of holdings of United States securities. This means that statutes requiring that the capital structure of a bank shall be a certain proportion of its deposits may be unduly restrictive and, therefore, will receive legislative attention.

Taxation of bank shares discourages the much needed building up of capital structure of banks, because the greater the capitalization the greater the tax. The desirable objective of increased capitalization because of the great increase in deposits is one of the reasons for anticipating that additional states will substitute a bank tax based on income in lieu of share taxation.

Credit Control

Another new occasion is the situation requiring the control of credit and the curtailment of inflation. The Board of Governors of the Federal Reserve System has power, which it has exercised, to raise the statutory requirements for reserves against deposits of its member banks. It has no corresponding power to raise the reserve requirements of some 7,500 non-member state banks. Therefore, other states will join those states which have already given jurisdiction to the state banking department to vary the reserve requirements.

Countless numbers of persons in the armed forces deposit their pay in bank accounts. Many of these, as well as other depositors, do not want to make a will but desire to retain control of the account while living and to have the balance on their death go to a wife, mother, or other close relative. In only a few states is it certain that this purpose can be accomplished. The Government has shown its interest in seeing that soldiers and sailors can maintain bank accounts to carry out such purpose. This legislative problem will be faced in 1945. The Maine



Complete three-volume set of the revised "Paton's Digest of Legal Opinions" is now available

Bankers Association, after extended study, has drawn a bill permitting a joint account to be used for the desired objective. Other states, desiring that a deposit in trust may be used for this purpose, may adopt by statute the New York court rule known as the Totten trust rule which is favored by the American Law Institute in its Restatement of Law of Trusts, § 58, and by the National Association of Mutual Savings Banks. New Jersey has already a statute for this purpose. For a full explanation of the Totten rule, see "Paton's Digest," Volume II, beginning with p. 1709.

Dishonest employees continue to cause checks to be drawn to fictitious payees, to get possession of these checks, to endorse the names of the payees, and to pass these checks to merchants and banks. Insurance com-

panies go on paying losses to the employers and seeking reimbursement at the expense of merchants and banks. The Fictitious Payee Act recommended by the American Bankers Association will be adopted by one or more states to make the loss fall on the insurance company rather than on the merchant or bank.

Instalment Lending

That the growth of personal instalment lending by banks shall be continued is very much in the public interest because the charges by competing lending agencies for this class of loans are much greater. However, the cost to the bank of these small loans is so great in proportion to their size that they cannot be made under ordinary usury provisions applicable to larger loans. There will, therefore, be legislation making special provisions for charges by banks for small loans.

Accounts receivable financing by banks and other agencies has been subjected to considerable risk by reason of court interpretations of Bankruptcy Act, § 60a, relative to voidable preferences. The assignment of these accounts will be a live legislative subject in 1945. The American Bankers Association convention in September will consider the recommendation of the Committee on State Legislation and the Subcommittee on Specialty Credits that a filing of notice statute be sponsored rather than a validation or book-marking statute.

Few, if any, bankers advocating such a statute would make notice to the debtor an alternative to filing.

Delayed posting, resulting in some instances in the return of clearinghouse items the next day after their receipt and in the charging back of items drawn on the depository bank the day after their deposit, is a lusty infant. The legal difficulties relative to presentment, protest, and notice of dishonor of negotiable instruments inherent in this new delayed posting practice will be removed by the legislatures of some states.

Banking Law Revision

Several decades have elapsed in many states since the last thorough revision of the banking law. In the meantime, banking practices and conditions affecting banks have greatly changed. Patchwork will not suffice. A thorough job of revision and modernization is under way in a few states. Other states will in 1945 set up banking law revision commissions to report, in 1947, a draft of revision with comments. The necessity for and the value of such revisions are keenly realized.

One reason for great legislative activity in 1945 is that it presents an unusual opportunity which if not seized will be lost for two years; each state except Kentucky, Louisiana, Mississippi, and Virginia has a regular session in 1945, while only these four states and New Jersey, New York, Rhode Island, and South Carolina meet in regular session in 1946.

State Bankers Associations

MR. WILSON is secretary of the State Association Section.

OUR biggest problems in banking today are primarily national in character and scope, but these problems all become, in the last analysis, the problem of the individual state associations and of individual banks. All programs designed to meet these problems must therefore be developed into varying patterns which can be applied within the different states according to their individual needs. This, then, points to the fact that in the post-war period banking must rely to a very large extent on the leadership of the state associations.

State Association Cooperation

Whatever the heights to which post-war production may rise, the deposit structure of our banks, now at an all-time high far in excess of \$100 billion, will be more than enough to take care of the nation's credit needs. To help utilize these sources of credit to best advantage is the aim of the Post-War Small Business Credit Commission—an aim which, to be successfully attained, will demand the aggressive cooperation of every state bankers association.

In order that the program of the Commission may be presented, and discussed in relation to the specific needs of the individual states, regional meetings are being arranged throughout the country in cooperation with the state bankers associations. It is expected that

out of these meetings will grow more specific recommendations for state association participation in the post-war credit program.

In its statement of purpose, the Post-War Small Business Credit Commission gives cognizance to the fact that banks must be more aggressive in merchandising their credit services. The day of waiting for business to come into the banks has passed, for banking's competitors are on the job. At least one of the state associations has, with marked success, made an organized effort to meet this competition by urging member banks to advertise constantly—to fix in the public mind by frequent repetition the fact that the bank is the place to borrow money—the place where borrowers can count on quick service, understanding treatment, and low cost.

Leadership in Savings

This sort of leadership on the part of the state associations is also urgently needed in the field of savings development, for unless banks make the most of their opportunity in savings development now, other agencies will be quick to seize it. According to figures revealed by the Savings Division of the A.B.A., there is already a definite trend in that direction, a trend too alarming either to be overlooked or lightly regarded.

The leadership of the state associations can do a great deal to bring about an awareness of this trend

and an understanding of the need for aggressive savings development to help counteract it. In this field there are two major objectives: first, getting new depositors; and second, making of these depositors systematic savers.

War Bond Redemption

Another challenge to the leadership of the state associations will soon be presented by the new plan for bank handling of United States Savings Bond redemptions, which has just been completed by the Treasury Department.

It may be pointed out that, in addition to supplementing present limited facilities for Savings Bond redemption, this plan will provide banks with an opportunity for added service to their customers and the people of their community, at the same time giving bankers an opportunity to encourage the holding of bonds to maturity and thereby to render still further service to the nation and the war program.

Taking the long-range point of view, it may be seen that the advantages of the proposed plan are many; not the least of them is the added goodwill which is bound to result from the banks' participation. The active support of the state bankers Associations can do much to



insure 100 per cent participation by the incorporated banks in their respective states, and at the same time to promote an understanding of the importance of this program to the banks, to the Treasury Department, and to the bondholders.

Country Bank Operations

Deputy Manager DREW is secretary of the Commission on Country Bank Operations and of the Ration Coupon Banking Committee.

WHAT is the outlook for country banking in the year ahead?

The answers to that question have been supplied during the past two years, and more particularly during the past 12 months, by the country bankers themselves. These answers, as seen from the operating side of country banking, are:

(1) Increased earnings; (2) more efficient operating procedure; (3) greater volume of business; (4) full acceptance of post-war opportunities and responsibilities; (5) greater appreciation by the community of the country banker, his bank and its services.

The outlook for increased earnings is based on four fundamental factors: more accurate knowledge of operating costs; establishment of adequate service charges and other fees in relation to cost; more profitable employment of excess reserves and more effective handling of the government bond portfolio, and increased loans.

With accurate knowledge of costs country banks will be able to plug leaks, take steps to eliminate or reduce abnormal expenditures, and devote more attention to proven fields of profitable operation. Also, with knowledge of costs they will build service charge schedules that will have three major characteristics: fairness to the public; adequate compensation for service rendered, and simplicity of application and use.

New Period of Competence

Rule-of-thumb and patchwork methods of compiling service charge schedules will be a thing of the past. Country banking has arrived at a new period of competence.

Increased knowledge of government bond operations and greater skill in the employment of excess reserves will be reflected in the earnings from the bond portfolio. This was clearly revealed in the response to the book "The Country Bank's Portfolio of United States Government Securities" published this Summer by the Commission on Country Bank Operations. Incidentally, the cost analysis program, the service charge survey, and the merchandising manual, "The Home Front," indicate the type of material and information that the Commission on Country Bank Operations will continue to furnish country banks in the year ahead.

Loans will increase (agricultural loans, being discussed elsewhere, are not considered here). The second invasion of France, the pounding of the Philippines, and the granting of permission by the Government to manufacture more than 100 articles in the consumer goods classification indicate that post-war financing in many instances starts now.

Consumer Credit Market

Many country banks will re-establish or engage for the first time in consumer credit activities. Some will install personal loan departments. With the release of

(CONTINUED ON PAGE 152)

Ration Banking

ROUTINE operation with no major changes in procedure or policy—that is the outlook for ration banking.

After 18 months the ration banking program has matured and developed a pattern that should remain fairly constant barring unforeseen conditions that may be created by the necessities of war. The period of sweeping reforms in procedure is over. The methods now being employed have been simplified to a point where they are generally effective and are satisfactory to banks and the Office of Price Administration.

The Ration Banking Committee and the Office of Price Administration working together have made tremendous progress during the past year in simplifying the program, eliminating undesirable features and bringing about uniformity in policy and planning. In this it enjoyed the cooperation of the ration banking officials of the Office of Price Administration.

Closer scrutiny of bank reports and greater insistence on accuracy in compiling them can be expected from the OPA. Comparatively few banks are careless in this respect but their procrastination or their inability to comply with regulations works to the detriment of all banks and jeopardizes the splendid reputation of the banking industry in the performance of this wartime function.

Enlarged Program

The ration banking program will be enlarged somewhat in the coming months, according to OPA plans, by including certain gasoline retailers. It is contemplated that accounts for the larger and responsible service stations only will be opened. The total number of accounts that will be involved will be relatively small. They will add little to the operating detail of the average bank.

Personnel

MR. POWERS is deputy manager of the American Bankers Association in charge of customer and personnel relations.

BANK personnel administration, like all other executive activities having to do with manpower, has had plenty of adjustment problems to contend with since Pearl Harbor and will no doubt have plenty more to face in the post-*now* period. Drastic changes in personnel procedure and operation brought about as the result of war conditions will in many instances be only temporary, but some of them will have a permanent influence on future personnel policies. To crystallize a thought or two in this regard, let us take a fast look back over what has happened in the past three years; a quick glance at what is happening now; and a brief glimpse at what is likely to happen in the

Another type of account that will probably be opened in the near future will be bank accounts for the local rationing boards. This procedure will be introduced to permit the boards to use ration checks, thereby giving the OPA better control over its operations. Too, it will benefit the banks by eliminating some twenty forms of ration evidence now being used for special purposes by the boards.

The discontinuance of a portion of the exempt agency accounts on an overdraft basis is also being planned by the OPA. These accounts will be placed on a credit balance basis which will prove much more satisfactory to the banks.

Nationwide Formula

Existing cut-off lines for the various programs are now being studied in an effort to devise a nationwide formula which will prescribe the number of merchants required to have ration bank accounts. This group is expected to include about 25 per cent of merchants now dealing in rationed commodities. This 25 per cent transact about 75 per cent of the volume of business. Little change in the present accounts is expected as a result of the operation of this formula. An attempt will be made to express the cut-off lines in point values instead of dollars.

The hope is now being expressed in Washington that the Ration Banking Manual of Operations will be revised so as to consolidate all outstanding memoranda and regulations. This will be welcomed by the banks, particularly if the new form is of such a type that it may be easily kept up to date.

The Ration Banking Committee looks forward in the coming year to continued cordial relationships with the ration banking officials of the Office of Price Administration. This same spirit of cooperation has developed between the banks of the nation and the various units of the OPA. It is a vital factor in assuring the continuance of an efficient ration banking system.

future. The following 10 points will help in reviewing and renewing our acquaintance with pertinent personnel facts.

In the Fall of 1941 approximately 74 per cent of our 270,000 staff members in 15,000 banks were men, and the remainder, about 26 per cent of the total, were women. It is estimated that, since Pearl Harbor, we have lost to military service and to war production activities somewhere in the neighborhood of 55,000 men or about 65 per cent of our pre-war male staff members of military age.

This number, which represents only about 20 per cent of our total personnel, of course does not reflect the true proportions of the turnover problem with which the banks have been engaged. Besides having to find replacements for the 55,000 military age losses, the banks have been forced to train substitutes for



Mr. Powers, standing, is instructing a Job Instructor training course in Boston for New England bankers

more than 100,000 other men and women who have left, or who have come into and gone out of, the banking business since 1941. The total of our staff members now is about 280,000 and at least 46 per cent of them are women.

The annual personnel turnover for the banking

system in 1942 was about 30 per cent. In 1943 it was close to 35 per cent. And in 1944 it has been tapering off. The likelihood is that the rate for this year will be under 30 per cent.

In the Spring of 1942 graduates of high schools, business colleges, and universities were not available to us in sufficient numbers so the banks started using replacement sources formerly given scant consideration as producers of desirable bank manpower. Officers in charge of personnel in financial institutions adapted themselves to unusual circumstances. Although they had previously been only remotely acquainted with the workings of the labor market, they jumped in and did their best to meet successfully the intense competition of other employers for the manpower available, and their best was good enough to keep the country's financial machinery manned and operating.

They didn't overlook a bet. They pulled clerical help from everywhere. They hired housewives, Army wives, Navy wives, relatives of employees, pensioners, ex-firemen, ex-policemen, and handicapped persons. They drew replacements from the social set, from sales agencies, super-markets, mail-order houses, bottling

(CONTINUED ON PAGE 144)

Farm Credit

Deputy Manager BROWN heads the Association's Agricultural Credit Department.

A STUDY of the official call report of June 30, 1943 indicates that of 13,276 FDIC member banks all but 973 had agricultural paper of some type and further that 10,981 made production loans to farmers. This is the basis for the use of the round number of 11,000 when one refers to the country banks of the nation—banks that are in farm communities and do business with farmers. With these 11,000 credit stations properly functioning in the banking system the credit needs of every worthy farmer can be handled by the country banks.

And then the country bank itself has become more alert to the credit needs of farmers. This was evidenced so impressively in this year's 1,000-Point Plus Rating Program of the Agricultural Commission when 9,066 banks cooperated—not more than 5,000 had participated in any previous year. The reports now in process of tabulation indicate a trend upwards in awareness on the part of banks of their responsibility to farm credit needs and then doing something about it; in cooperating with and contributing to better farmer-banker relationships; in working with county agents, boys' and girls' club leaders, and vocational teachers in support of farm programs for young folks.

Agriculturally Trained Men

One of the significant trends reflected in these reports is that hundreds of country banks—upwards of a thousand of them—have agriculturally trained men heading

up farm departments where specialized credit service is available to take care of the farmer. In many hundreds, more, part-time men are employed by the bank to look after farm business—often these may be farmer-directors, or some leading farmer in the community, or some farm-minded employee of the bank. Several hundreds in addition have officers specially designated to look after the farm business. It all adds up to at least 9,066 country banks in every state serving all sections of America that are farm-minded enough to have put themselves in special position to give thorough and sympathetic credit service to the farmers of their community and to have their farmers know about it.

The reports on these 9,066 banks show they have an ability as well as a willingness to serve the farmers of America. These data show that 2,337,000 farmers were financed by regular chartered banks last year. For the current year they indicate an ability on the part of country banks to extend \$4,835,000,000 for production purposes. This is three times the amount of farm production credit outstanding on January 1, 1944 in the hands of banks and government agencies combined. This is the answer to those who sometimes charge that banks cannot be depended upon to take care of farmers' credit needs—referring to the dark days of 1932 when everything and everybody were put to a liquidity test.

Things have changed and much has been done to avoid a return of the cataclysmic experiences of the depression days of those years. The ability of the Federal Reserve System to discount farmers' notes has been greatly increased; the FDIC, insuring as it does the de-

(CONTINUED ON PAGE 152)

CONVENTION PROGRAM

THIS is the program for the second war service meeting of the American Bankers Association which is to be held at the Stevens Hotel, Chicago, September 25-27, as available at the time of going to press.

Monday Morning, September 25

STATE BANK DIVISION

Address of the President of the Division

CLAUDE F. PACK, *President*
Home State Bank
Kansas City, Kansas

Post-War Views of a County Seat Banker

E. D. REESE, *President*
The Park National Bank
Newark, Ohio

MAPLE T. HARL, *State Bank Commissioner*
Denver, Colorado

SAVINGS DIVISION

Address of the President of the Division

FRED F. LAWRENCE, *Treasurer*
Maine Savings Bank
Portland, Maine

Spending or Saving Our Way to Post-War Prosperity

RUSSELL WEISMAN, *Chief Editorial Writer*
Cleveland Plain Dealer
Cleveland, Ohio

Some Observations and Savings Banking in England

W. L. HEMINGWAY, *President*
Mercantile-Commerce Bank and Trust Company
St. Louis, Missouri
Immediate Past President of the A.B.A.

STATE ASSOCIATION SECTION

Meeting of Secretaries and other Officers of State Bankers Associations

Monday Afternoon, September 25

NATIONAL BANK DIVISION

Address of the President of the Division

F. RAYMOND PETERSON, *President*
First National Bank
Paterson, New Jersey

Bank Credit — The Beginning or the End of an Era

W. G. F. PRICE, *Vice-president*
American National Bank and Trust Company
Chicago, Illinois

Bank Investments

Dr. MARCUS NADLER, *Professor of Finance*
New York University
New York City

TRUST DIVISION

Address of the President of the Division

HENRY A. THEIS, *Vice-president*
Guaranty Trust Company
New York City

How Trust Institutions Can Serve Veterans of the Present War

EDWARD D. ODUM, *Solicitor*
U. S. Veterans Administration
Washington, D. C.

What a Good Trust Department Means to a Bank

JAMES E. SHELTON, *Chairman of Executive Committee*
Security-First National Bank
Los Angeles, California

Tuesday Morning, September 26

FIRST GENERAL SESSION

Address of the President of the Association

A. L. M. WIGGINS, *President*
Bank of Hartsville
Hartsville, South Carolina
WILLIAM M. JEFFERS, *President*
Union Pacific Railroad

Tuesday Afternoon, September 26, 2 to 4 P.M.

MEETING FOR COUNTRY BANKERS

Round Table: The Bank's Responsibility to the Community. This will cover helping farmers to build financial reserves, the farm land price situation, and the publicizing of the bank's usefulness to farmers. Participants will be W. W. Campbell, president, National Bank of Eastern Arkansas at Forrest City, Arkansas, C. D. Tedrow, president, Citizens First National Bank, Princeton, Illinois, and Warren Garst, cashier, Home State Bank, Jefferson, Iowa.

Round Table: Effective Correspondent Bank Relationships Between City and Country Banks. Subjects covered will include the investment portfolio, operation and promotion methods, and credit extension. Names to be announced.

Address by CHESTER C. DAVIS, president, Federal Reserve Bank of St. Louis, Missouri. *Theme: American Agriculture in the Future and the Country Banker's Responsibility to it.*

Wednesday Morning, September 27

FINAL GENERAL SESSION

Address by Senator WILLIAM C. FREEMAN, *Secretary of Banking* of the Commonwealth of Pennsylvania

Dr. BRUCE R. BAXTER, *Resident Bishop* of the Methodist Episcopal Church, Portland, Oregon



The Country Banker

FREDERICK LEWIS

News Notes for Country Banks

Rural Lending Practices

COUNTRY banks which have adjusted their lending methods to changed conditions during the last 10 years have been rewarded with a greater share of agricultural loans than banks which have hesitated to modernize their lending policies.

This is the conclusion of a comprehensive study released recently by President M. J. Fleming of the Federal Reserve Bank of Cleveland on changes in commercial bank lending to farmers during the decade, 1934-43.

The study, made by Phil S. Eckert, agricultural economist for the Reserve bank, is based on a detailed examination of the lending methods and policies followed by a representative group of 113 country banks in the major agricultural areas of the Fourth Federal Reserve District. It is the first of a series of studies in finance, industry and agriculture which will be published by the research department of the bank, headed by Vice-president Kenneth H. MacKenzie.

Asserting that "there appears to be a direct relationship between the adoption of new practices in the farm lending field and changes in loan volume," the study declares:

"Banks which lengthened the time of their loans, which adopted or increased the use of amortization and chattel mortgages, and which lowered interest rates, showed increases in loan volume, both in the real estate and short-term farm credit fields.

"By contrast, those banks whose policies remained unchanged, or moved counter to these new lending practices, experienced loan volume reductions."

The study makes it clear, however, that further improvement in bank lending services to farmers is possible and necessary. It states: "The character of the changes disclosed, however, that rural banks might give careful consideration to the further adaptation of their lending practices in order to be of greatest service in financing Fourth District agriculture."

It was found, for example, that there was a marked change in favor of amortization rather than lump sum payment as a method of repaying farm real estate loans. In 1934 only 24 per cent of such loans were amortized, the report showed, while by 1943 the percentage rose to

55. Of every \$100 which the reporting banks had outstanding in farm real estate loans in 1934, about \$88 had been lent at 6 per cent interest. Ten years later, the 6 per cent applied only to about \$46 out of every \$100, outstanding. Also in 1943, 54 per cent of the total real estate loans were at rates of less than 6 per cent, whereas, 10 years earlier, less than 2 per cent were made at less than 6 per cent.

Farm Loan Legislation Under Scrutiny

At a meeting last month in Washington of the Subcommittee on Agricultural Credit of the Federal Legislative Committee, representatives of the Office of General Counsel and Agricultural Commission of the American Bankers Association, the following legislative measures were considered:

Cooley Bill, H. R. 4876 (transferring FSA, RACC and Emergency Crop and Feed Loan to so-called Farmers Home Corporation and limiting extension of socialized credit to those entitled to it)

Fulmer Bill, H. R. 4792 (changing capital set-up and lending powers of Federal land banks)

Fulmer Bill, H. R. 4911 (formerly H. R. 4426—crop insurance)

G.I. Bill of Rights, S. 1767 (guaranteeing certain rights, including loans, to World War II veterans)

Proposed bill sponsored by the American Farm Bureau, National Grange and National Council of Farmer Cooperatives which would include provisions pertaining to repayment by government farm loan agencies of government subsidies.

Investigation of FCA by the Cooley subcommittee of the House Committee on Agriculture.

Funds Allocated for Tenant Loans

CONGRESS appropriated \$15,000,000 more for loans to enable tenants, sharecroppers, and farm laborers to purchase family-type farms during the current fiscal year ending next June 30.

Veterans eligible under the Servicemen's Readjustment Act of 1944 ("G.I. Bill of Rights") can also get these loans this year.

The preliminary allocations of this sum will provide, it is estimated, for the purchase of approximately 2,700 farms.

In view of the widespread criticisms of government lending, which may tend to aggravate the problem of farm land price inflation, it is interesting to note the following paragraph from the War Food Administration's announcement concerning this year's tenant purchase program:

"The county committees that pass on the eligibility of applicants and the value of farms are instructed to approve loans only on the basis of long-time earning values. In areas where farms cannot be bought on this basis, no loans are to be made.

"Under present conditions, it is expected that in most states farms can be purchased—at least in certain sections—but in several states land prices have advanced to the point where the full amount of funds allocated may not be absorbed."

1944 Cotton Loan Program

THE average loan rate on $\frac{7}{8}$ inch middling cotton will be 19.50 cents in 1944, compared to 18.41 cents last year, the Commodity Credit Corporation has announced. As in the past, loan rates will vary according to location, grade, and staple of the cotton pledged.

Banks desiring approval as lending agencies under this program should apply to the New Orleans Regional office of the Commodity Credit Corporation.

Making Commodity Loans

A PROCESSED pamphlet is being prepared giving important facts for banks about the making of loans on stored commodities under the program of the Commodity Credit Corporation. Copies may be obtained from the Agricultural Commission of the American Bankers Association, 22 East Forty Street, New York 16, New York.

Post-War Farm Price Supports

GOVERNMENT is committed by legislation to support farm prices for more than two years after hostilities cease. The Commodity Credit Corporation is directed by the Steagall amendment, as amended this year, to support prices at 90 per cent of parity—92½ per cent for cotton—of basic and proclamation crops produced before the January 1 immediately following the second full year after official announcement that war has ended with Germany and Japan.

Federal Land Bank Loan Rates

COMPANION BILLS, S. 1792 and H. R. 4102, were introduced extending the statutory 3½ per cent interest rate on Federal Land Bank and Land Bank Commissioner loans. The House Agricultural Committee, however, reported H. R. 4102 with a provision *only* for a 4 per cent rate on the Commissioner loans until July 1, 1945. H. R. 4102 has been passed by Congress and approved by the President. The elimination of the provision extending the 3½ per cent rate on the Federal land bank loans means that the rate on these loans increased to 4 per cent on July 1, 1944.

FSA Denies It Seeks Bank Customers

A COUNTRY BANK in Missouri reported to the Agricultural Commission of the A.B.A. that the FSA representative in its territory, in discussing a potential loan of \$1,000 to an established customer of the bank, told the bank that he had received instructions "this Spring" to lend to any applicant, regardless of whether or not an established bank customer, unless the bank agreed to lend at the same rate as the FSA.

The bank, feeling that this was contrary to previous FSA policy and that it constituted unfair competition, called the matter to the attention of the Washington office of the FSA through the American Bankers Association; whereupon the FSA stated its policy, in part, as follows:

"Our policy with regard to eligibility, which is set forth in our instructions, is that the family should be unable to obtain adequate credit 'at reasonable rates and terms' from other sources. This does not mean that any rate in excess of our 5 per cent interest is unreasonable. As you know the local county committee, who themselves pay the prevailing rate of interest from other sources, must pass on the eligibility of a family for an FSA loan. Furthermore, the interest rate alone is not the determining factor in eligibility since the family must also be in need of the type of supervised credit that we administer.

"We are also, as you know, definitely not interested in getting established bank customers on our rolls, but rather in shifting as many of our borrowers to other types of credit as soon as this is feasible. . . ."

Bibliographies for County Banks

THE Agricultural Credit Department of the A.B.A. has available two bibliographies of published material of interest to country banks. The first of these covers "farmer-banker relations; bank support of better agriculture; and bank development of farm lending business." The second covers "recent publications on government competition in the agricultural credit field."

The United States Department of Agriculture also has compiled a bibliography of Federal Government and State Agricultural College publications on "agricultural credit"—the Department's Library List No. 7.

Demand for "Home Front" Manual

WIDESPREAD demand for additional copies of "The Home Front" merchandising manual for use by directors, officers and employees of country banks has completely exhausted the supply of this sales manual, published last February by the Commission on Country Bank Operations.

While the needs of the vast majority of country banks have already been met, the Commission has made arrangements whereby no bank need be deprived of the opportunity to read and study this important publication. A lending library system has been devised whereby any bank can obtain a copy of the book for a month. This plan has been worked out in cooperation with the Library of the Association.

Requests for the book should be addressed to the Commission on Country Bank Operations.

Will you be ready to handle the banking demands
of transition and
reconversion?

IT has been estimated that postwar American business will require a minimum of 10 billion dollars at the start of the transition and reconversion period to replace worn-out equipment and to install new machinery for new products. Individuals will have 100 billion dollars of present savings to spend on the purchase of 10 million new automobiles, 20 million radios, almost as many refrigerators, vacuum cleaners and the like. The potential building market is virtually unlimited. Yet, this is only a part of the postwar picture, reflects only a degree of the activity which is expected in every field.

What does it add up to?

A tremendous increase in traffic in every department of your bank . . . new demands that will tax all your facilities to the utmost.

You'll be better equipped to meet these postwar demands if you will take a little time now to consider the use of Recordak systems . . .



MORE THAN 4000
PROGRESSIVE BANKS
ARE EQUIPPED WITH
RECORDAK

RECORDAK

Originators of modern micro-filming



to find out how this basic business machine can alleviate the inevitable extra heavy pressure.

For example, the Recordak System of Single Posting, alone, eliminates clerical duplication of work and saves 33⅓% in labor. Transit costs can be cut up to 40%. Reproductions are made with photographic speed and accuracy. Files are reduced to a fraction of their former bulk. In fact, the usefulness of Recordak is limited only by the ingenuity with which its photographic principle is applied.

At the moment, of course, no Recordaks are available. New and improved models, however, will go into production at the first possible moment. It's not too soon to have a detailed discussion with us of how Recordak Photographic Systems of bookkeeping and accounting can go to work for you . . . do their share in easing the postwar operational load. Write Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York 17, N. Y.

The PCA's Subsidy

The author is an agricultural economist in the Agricultural Credit Department of the American Bankers Association.

OUT of every hundred farmers in the United States there are about four who borrow from PCA's, and about 39 who borrow from banks. Of course no one thinks of asking bank borrowers to buy bank stock, but each borrower from a PCA must also be a stockholder.

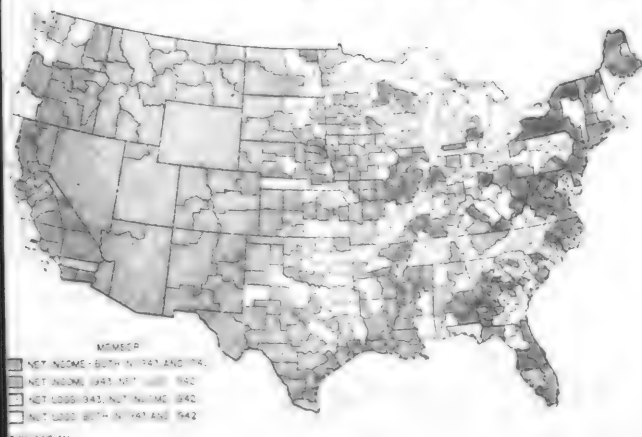
Most farmers tend to consider the stock purchase requirement as a disadvantage of PCA credit, but nevertheless the number of stockholders shows a considerable increase from year to year. They increased from 213,000 at the end of 1935 (the second full year of PCA operation) to 287,000 in 1939 and 340,000 at the end of 1943.

PCA stock is of two kinds: Voting stock (class B) owned only by farmer-borrowers, and non-voting stock (class A) owned mainly by the Government but also owned to a minor extent by farmers who are not borrowers. A borrower must own an amount of B stock equal to at least 5 per cent of his loan, but when he repays the loan he still has the stock unless he can sell it. If two years pass without a new loan, however, he must exchange this stock for the non-voting class A stock.

PCA Operations in 1942 and 1943

Net income or net loss, if there had been no subsidy income.

(This chart was submitted recently by the Farm Credit Administration to the Cooley subcommittee of the House Committee on Agriculture. It is the first time such information has been published concerning the individual PCA's)



Government Ownership and Subsidy

A few PCA's are almost wholly owned by farmers or livestock growers, and are apparently strong enough to stand alone without a government crutch. However, three-fourths of the 523 operating at the beginning of this year had less than a dollar of farmer-owned capital for every \$2 of government capital. The combined statement of all associations showed \$26,633,000 of farmer capital against \$75,770,000 owned by the Government. (The "government" here means 12 regional Production Credit Corporations, capitalized at \$120 million, and operating in the United States Department of Agriculture as a part of the Farm Credit Administration.)

The fact that no payment is made to the Government for the free use of capital funds enables most PCA's to receive a substantial "subsidy" income from investing these funds in government bonds. The amount received by each PCA is kept confidential, but the total of all PCA's in 1943 was \$2,128,000. Neither the income or the expense of the 12 Production Credit Corporations is published, but it is known that their 1943 income of more than a million dollars was not sufficient to service and supervise the PCA's.

The function of capital is ordinarily to protect the creditors of a business. In the case of banks, the stockholders' investment protects the depositors. In the case of PCA's, it protects the purchasers of Federal Intermediate Credit Bank debentures—the source of the funds which are borrowed by PCA members.

Capital has come to have another function in PCA's, however. It serves to "dish out" the subsidies. As a result many PCA's are over-capitalized and we see the spectacle of some with even more government capital than they have loans on their books. Blocks of capital are assigned and re-assigned to the various associations, not because they are needed to margin borrowings but according to the supposed needs of the associations for "supplemental income."

Strong and Weak PCA's

The reserves of more than \$28 million held by the PCA's approximates the amount of subsidy income which they have received as a group from the free government capital they have had during the past 10 years. In recent years, however, they have added more to reserves than was received as subsidies. Nevertheless, there were 204 associations last year which operated in the red and used some of their subsidy income to meet their operating deficits. In previous years the record was even worse.

From the map of "PCA Operations," one sees that a large part of the associations operating in the red are located in the Great Lakes states and in the southern

(CONTINUED ON PAGE 136)

Merchandising Country Bank Services

Financial Aid to Flood Stricken Areas

CONGRESS recently made available to the Secretary of Agriculture a \$12,000,000 fund to assist farmers in the restoration of property damaged by floods or windstorms during 1944, in cases where the assistance is necessary to continue food production.

The Farm Security Administration, which administers this fund, recently announced that about 200 counties and parishes in 13 states—Alabama, Arkansas, Georgia, Illinois, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, Oklahoma and Texas—were eligible to apply for financial assistance from this fund.

One of the first to seek the benefits of the appropriation for his county was J. M. Sorensen, executive vice-president, Stephens National Bank in Fremont, Nebraska, and Dodge County key banker.

After severe damage in Dodge County, as a result of storms, Mr. Sorensen, with the assistance of his county agent, called a meeting in Hooper, which was attended by about 50 bankers, mayors or other city officials from practically every town in the county, representatives of the AAA, FSA, RFC and Red Cross, and local newspapers. Mr. Sorensen's alertness resulted in the formation of machinery to take the initiative in securing funds for the rehabilitation of the flood stricken areas and to give aid to the flood victims in his county, some of whom had lost practically everything.

The local newspapers publicized widely the action of Mr. Sorensen and his group.

Land Price Clinics

FOLLOWING the release of the national study of farm land prices, the Agricultural Commission of the A.B.A. suggested to county key bankers over the country that local meetings be held for bankers, county agents and agricultural leaders to discuss the implications of the report and lay plans for checking the threatened price inflation in their area. The suggested program included a complete meeting agenda, and emphasized the importance of inviting press representatives so that the facts of the situation would be given the widest possible publicity.

The program also suggested spotlighting the need of area farmers to build reserves from current income, with banks taking the lead in War Bond sales, and to round out the story with information pertaining to farm problems that loom in the future—farm machinery, parts, labor, gasoline, etc.

A number of these meetings were sponsored, and early reports indicate an outstanding success in each instance. Luzerne County bankers, Pennsylvania, for example, staged a banker-farmer dinner on August 2, at the Hotel Altamont, in Hazleton, with an attendance of more than 70 farmers and farm leaders and 40 area bankers. Newspapers reported the assignment in several columns of space, playing up the warning against in-

flationary land prices, and urging immediate attention to building reserve funds out of current income.

Another meeting of the Seneca County Bankers Association, Ohio, made the headlines with reports of area bond sales, and several press releases commented upon the spirit of cooperation between banker and farmer in the area, notably in the record of agricultural loan volume.

It is expected that similar meetings will continue to be scheduled through the Fall; the most promising dates being October and November, prior to the tentatively announced Sixth War Loan.

Business Building

IF BUSINESS lost to competing and subsidized governmental lending agencies is to be regained, the best strategy is aggressive action, intelligently directed, and representing a constructive service, says James Bishop, Jr., manager of the Farm Development and Loan Department, First National Bank & Trust Company, Macon, Georgia.

Putting his own words into practice, Mr. Bishop reports that his department is currently doing a job on so-called production credit loans for seed, feed, fertilizer, labor and the like, repayable at the end of each crop year, provided no unforeseen circumstance requires an extension. The department is also actively developing capital loans for buying work stock, beef cattle, dairy cows, equipment, building repair and improvements, and for many other purposes, on extended credit.

"We are projecting such loans over a period of two to three years," says Mr. Bishop. "The maturities are made to suit the convenience and fit in with the operation of the individual borrower. Crop loans are made to mature in the Summer or Fall, depending upon the



crop. Dairy and poultry loans are repaid monthly. In addition, some flexibility is allowed the farmer when notes mature during some extenuating circumstance, such as illness, crop failures, etc. Deserving farmers, we feel, should then be refinanced.

"It is undoubtedly true that the collateral requirements heretofore enforced by banks in making agricultural loans have been too rigid and unsuited to farming. Governmental agencies and others have found and proven that crop loans and chattel mortgages are sound and dependable security.

"We feel, as we are doing here, it is desirable and practical to maintain separate departments for farm business. Such a department should be staffed by capable officers and employees who know farming problems, values and financing. No patronizing air should be assumed toward the farmer, but he should be treated as an equal and made to feel that his business is desired and appreciated. Other essential requisites are giving to farmers a leisurely rather than a hurried hearing and a sympathetic understanding in discussing their needs. It is particularly important that the service must always be courteous and prompt. No 'red tape' or unnecessary delays should be permitted."

Spaced Maturities

ARTHUR C. LUEDER, head of the department of banking supervision in Illinois, discusses government securities for the country bank portfolio in a recent issue of the state *Bulletin*. The problem, he states, is one of maturities, and he unreservedly approves, as a guide to country bank investment practice, the manual issued by the A.B.A. through its Country Bank Commission, entitled "The Country Bank's Portfolio of United States Government Securities."

For the country bank which has not yet devised a spaced maturity program for its government securities, the time to act is now, says the article, pointing out that "12 months is a relatively short time in considering and laying out an investment program, and yet within the next 12 months we are very likely to start the swing back from war to peace. Unless we are greatly mistaken, the swing of the pendulum will be much more difficult to negotiate than the preceding one."

In praise of the A.B.A. booklet covering the subject of spaced maturities, the bulletin further adds: "This publication strikes us as one of the most useful we have seen on the subject. The approach is simple and the coverage sticks strictly to fundamentals. Entirely devoid of academic dryness it might well be regarded as a country bank's textbook on investment in government securities, and the intelligent integration of investing policy with bank operations.

"There is one very succinct declaration that meets with a warm response from this department, wherein it concisely affirms an ancient preachment of ours: 'While the responsibility for the execution of an investment policy should be that of an officer, the adoption of the policy should be by the entire board of directors after consideration of all available facts. A proper investment policy is of great importance. Not only should the responsibility of its adoption be shared,

but its foundation should be the result of the combined conscientious effort and contribution of all members of the board.'"

And to this the bulletin adds, "The foregoing would in our opinion furnish an excellent material for a very appropriate by-law for every bank in the country."

Cooperative Advertising

THE Oneida-Herkimer Counties (New York) Bankers Association has launched a collective farm credit advertising program which calls for weekly insertions for a period of 12 weeks in two Utica daily newspapers and in the evening dailies in Rome, Little Falls and Herkimer. The combined circulation of the five papers is 44,000 and the associations estimate that by pooling appropriations they reach a total of 135,000 people.

Expenses of the program are being divided between the 24 participating banks, with the result that cost per bank per week is a little more than \$3. All copy is directed toward farm customers, and is being prepared by a committee headed by George J. Sluyter, president of the First National Bank, Herkimer, who is also chairman of the State Association Committee on Agriculture.

Bull Program

THE First National Bank, Waynesville, North Carolina, reports that it will soon inaugurate something new in cattle programs. It will work something like this: Any local farmer who will agree to sell his scrub or grade bull will receive a bonus on the price from the bank of \$20 or \$25, provided the farmer signs an agreement not to own a scrub or grade bull within the next five years. Whenever he has occasion to purchase a new registered animal for his herd, the bank agrees to loan the money at a low interest rate, with two years to repay. The rate has not been determined, but it will probably be 4 per cent.

"It may sound crazy to you fellows," says Jonathan Woody, president, "but it has always worked with us." As proof of the bank's sound lending policies, Mr. Woody reports a \$24 per share dividend and a substantial salary bonus to all employees on last year's business. "We are just small people," says he, "but we enjoy life."

New Farm Departments

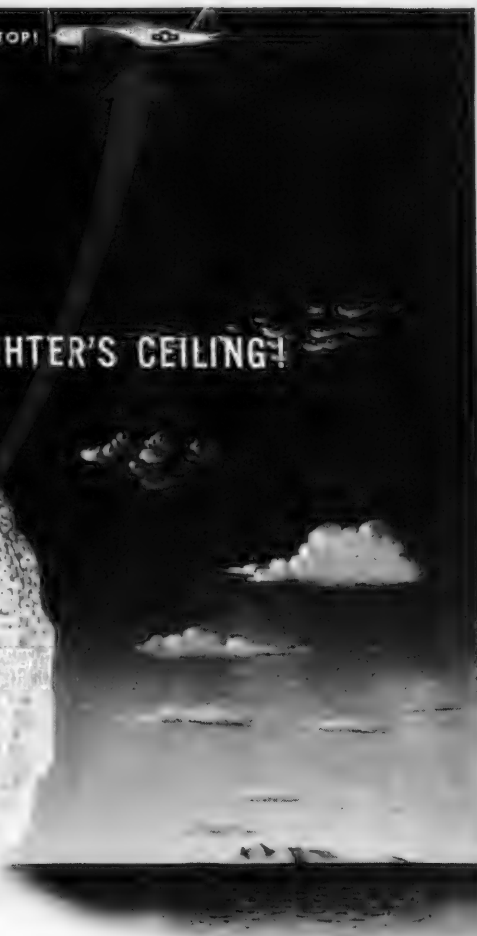
THE Merchants National Bank of Aurora, Illinois, recently announced the installation of a farm management and service department under the direction of Glen E. Mason, former supervisor of the United Fruit Company's 26,000 acre plantation in Cuba. He also served eight years with the Doane Agricultural Service, Inc., in the St. Louis area and Indiana.

Keith Taylor was also recently appointed as a new officer in charge of the expanded live stock and agricultural department of the Valley National Bank, Phoenix, Arizona.

(CONTINUED ON PAGE 80)

AGAIN AMERICAN INGENUITY BRINGS OUR PLANES OUT ON TOP!

THE "BUBBLE CURE" THAT LIFTS A FIGHTER'S CEILING!



You're part of the "umbrella"? on a twilight raid. The skipper calls: "Flock ME's, high at 2 o'clock . . . let's get 'em."

You zoom upstairs. Up here in the air the gasoline "boils": in your gas tanks. Vapor bubbles form. If they get into your gas lines, they'll starve your motor—rob it of power—lower your ceiling.

But today tiny pumps in the bottom of your gas tanks whirl out the bubbles as fast as they form, keep your gas lines free of "bubble trouble". No matter how high the Heinies go—you'll top them! You're above them now. You peel off and pounce out of the sun . . . and see one less Nazi fighter.

Small as it is, the Pesco booster pump plays a giant's role in raising the ceiling for planes, making them safer.

Borg-Warner, in its Pesco Division, produces huge numbers of these pumps for high altitude fighters and bombers. In addition, almost every plane is equipped with other types of Pesco pumps, and all help to bring our fighters back safely.

You'll find many such engineering achievements in Borg-Warner's list of more than 100 different items for war. And all spring from an ideal that is basic with Borg-Warner: "Design it better—make it better!"

That ideal means much to America. The essentials produced by Borg-Warner's many units are so numerous and so widely accepted in industry, on the farm and in the home, that there is hardly an American who does not benefit from them every day.

The long engineering experience and increased production facilities of Borg-Warner are focused today on one all-important task—to help give our fighters the finest.



BORG-WARNER

Peacetime makers of essential operating parts for the automotive, aviation, marine and farm implement industries, and of Norge home appliances . . . these units which form the Borg-Warner Corporation are today devoted exclusively to the needs of war:

BORG & BECK • BORG-WARNER INTERNATIONAL • BORG-WARNER SERVICE PARTS • CALUMET STEEL • DETROIT GEAR AIRCRAFT PARTS • DETROIT VAPOR STOVE • INGERSOLL STEEL & DISC • LONG MANUFACTURING • MARBON • MARVEL-SCHIEBLER CARBURETOR • B-W RECHARGERS, INC. • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • NORGE • NORGE MACHINE PRODUCTS • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION • WARNER AUTOMOTIVE PARTS • WARNER GEAR

MERCHANDISING—Continued

Soil Clinics

THE success of soil conservation efforts sponsored by the Georgia Bankers Association in cooperation with national and state authorities was signalized at Elberton recently when the association awarded merit certificates to 123 farmers from eight northeastern Georgia counties, for completing conservation projects.

Speaker at the event was Senator Richard B. Russell and other prominent Georgians and bankers participated in the event honoring local farmers. Statewide newspaper publicity gave the show a big send-off. Awards received by members of the Broad River Soil Conservation district included nine farmers from Banks County, 12 from Elbert, 16 from Franklin, 22 from Hart, 33 from Madison, 16 from Oglethorpe, eight from Stevens and seven from Wilkes.

Such clinics held in other states under banker sponsorship, notably in Oklahoma, have done much to put banking squarely behind the government's soil program. These contacts have been of inestimable benefit to local communities and have provided many opportunities to reclaim land with bank financing.

Farm Storage Appears Adequate

PROPER farm storage of food crops, feed for livestock, and seed has a direct relation to keeping America's food supply at the highest possible level, according to the War Food Administration.

Record acreages from which come record yields are the spectacular part of the story of farming for war. Before the harvest, however, the farmer has to make sure that he has adequate storage space, with a maximum of protection against spoilage, inroads of rodents, fire, and other factors promoting loss. He not only has to handle his crops until shipping time, but feed must be stored for his livestock, reserve supplies of food must be maintained for his own table, and he must protect seed harvested for next year's planting.

The better the storage, the larger the quantities of grain and other crops that can be carried over from one year to the next as a reserve, after immediate requirements have been filled.

Proper storage is also vital to the life of seed of all kinds. WFA points out that seed, as a whole, is delicate—sensitive to temperature and moisture, and sometimes even to light. Without good seed, the best of soil can't be expected to produce the quality and quantity of food of which it is capable.

Conditions Reported Good

THE storage situation for the 1944 harvest appears to be satisfactory, for most crops, in relation to production goals for the year, according to WFA. With the balance of hold-over space from last season and the release of additional space through the use of hold-over grain, plenty of wheat and corn storage will be available, re-

ports show. As a further aid to grain management, Commodity Credit Corporation made available in April about 20,000 wooden bins for grain storage. Using 18,000 bins as a base, and a capacity of 1,800 bushels per bin, this should provide storage for some 32,400,000 bushels of grains. Sales of the bins, which were by bid on the open market, were handled by the county committees of the Agricultural Adjustment Agency.

Slat cribbing for corn bins is expected to be available for most urgent needs.

Supplies of burlap and cotton sacks for farm use appear to be about equal to 1940 requirements, says WFA, but the demand is greater. No restriction on the use of sacks for agriculture is now in force, except for sugar and fertilizers, with more cotton sacks being employed today than before the war. The quantity of farm bags, including cotton and paper, should be ample, according to WFA, if everyone does his best to conserve available supplies. The relatively favorable situation of farmers is partly due, it is reported, to the fact that many of them are using more bulk storage, lacking workers to sack crops such as potatoes. As over-all supplies of textile and paper bagging fabrics are not expected to meet all national requirements, farmers are urged to conserve and reuse all possible bags, and to use substitute containers where possible.

The major white potato-producing states do not anticipate the need for a large amount of additional storage capacity. Some new requirement probably will be found in areas where crop production has expanded rapidly and storage facilities have not been available. The sweet potato area anticipates the need for an additional three million bushels of sweet potato storage capacity. This situation is complicated by the shortage of containers for both types of potato, but especially for the sweet potato. Labor involved in recovery of old containers precludes the widest reuse, as fumigating and disinfecting are essential.

Buildings Converted

SOME bulk storage can be provided by conversion of other buildings, such as tobacco barns in Georgia, North Carolina and South Carolina for sweet potatoes. The main requirement for white potatoes is to prevent them from freezing, and to provide artificial heat when necessary.

Materials will be available during 1944 for maintenance and repair of storage buildings, says WFA, and for replacement of buildings lost through fire, flood, tornado, etc. The general materials situation, other than lumber, is reported fairly good, with adequate supplies of masonry, asphalt products such as shingles, roofing, building board, gypsum board, and other items. While the steel situation has improved, this material is still not available in sufficient quantities for necessary repair and maintenance of buildings and for use in relieving the critical shortage of lumber and wood shingles.

Fireproofing materials and fire-retardant materials are short in some localities, but for the most part they are available in good quantity. Insulation board is especially short in certain sections, due to the rise in non-farm construction.



★ ILLINOIS ★ INDIANA ★ OHIO ★ PENNSYLVANIA ★ NEW JERSEY ★ NEW YORK ★

Fertile Soil for Your Industrial Plant



More than 16,000 of the 35,000 business firms in the United States employing 100 or more persons are in the Erie Area.



Materials . . . for nearly every type of industry! Coal, oil and gas, iron and steel, salt, plastics ingredients, and many other raw materials and supplies are readily available.

Transportation . . . to the world's markets! Erie Railroad offers dependable transportation throughout the Erie Area, and connects with other major transportation arteries to every peacetime destination.

Write today for your free copy of the Erie Industrial Map, and any special information you may require, to George F. Weston, Industrial Commissioner, Erie Railroad, Midland Building, Cleveland 15, Ohio.

That nearly half America's large companies are located in the six states of New York, New Jersey, Pennsylvania, Ohio, Indiana, and Illinois is not as surprising as it seems. For, here may be found every advantage for industrial expansion.

Labor . . . producing today over 42% of America's war materials, will be available for peacetime production.

Markets . . . 34% of the total United States population live in these six states—buy 40% of the country's retail merchandise.

Erie Railroad



★ METHODS and IDEAS ★

JOHN J. McCANN

Hospital Ship

THE campaign for the *Marigold*, Army's newest and largest hospital ship, is a story that should be told in these columns. This former luxury liner, President Fillmore of the President Line, was purchased and refitted as a result of a \$4,800,000 War Bond campaign spearheaded by the bank women of Seattle.

The hospital ship fund was tied in with the Fifth War Loan drive. Local banks devoted lobby space and display windows to campaign publicity, while the women employees worked up their own individual methods of attracting public support. One of the most effective devices was an introduction card directing customers to the War Bond department. It read simply:

Introducing Mrs. John Doe
who wishes to enter a Fifth War Loan
Subscription in behalf of Seattle's
Hospital Ship.

Almost all women tellers had special placards at their wickets, requesting subscriptions. During the period the ship was being equipped in Seattle, one of the nurses, Lieutenant Mary Stypul, R.N., was interviewed over station KOL by Ann Bowden, *Seattle Star* reporter; this and other programs initiated by the women helped win widespread support.

Large newspaper space was purchased by Seattle banks jointly, and numerous women's organizations rallied to the cause with volunteer workers. In official circles, the campaign was termed "one of the best projects ever undertaken in a War Loan drive."

The completion of the drive was signally marked by a celebration at Victory Square in Seattle where bond rallies were held almost daily. The ceremony was tied in with Women's Day. Tally of subscriptions earmarked for the hospital ship fund exceeded the quota on the final day by \$800,000.

Perhaps this pioneer movement on the part of Seattle's bank women will inspire bank women in other cities to organize and follow similar campaigns. Many more such ships are urgently

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ *Seattle's Hospital Ship*

THE BANK WOMEN of Seattle are sponsoring the building of a *Hospital Ship* through subscription to Series E, F, and G Bonds during the Fifth War Loan. You can help us build this Mercy Ship in behalf of the Women of Seattle. I shall personally appreciate handling your subscription.

★ ★ ★ ★ ★ ★ ★ ★ ★ ★
This poster was displayed at tellers' counters during the Fifth War Loan drive

needed and quickly. Plans could be laid now for setting up the organization for the next War Loan. A complete summary of how it was handled on the West Coast may be obtained through any member of the Seattle committee, which was headed by P. A. Strack, president of the PEOPLES NATIONAL BANK of Washington, and Mrs. Gudrun M. Baker of the SEATTLE TRUST AND SAVINGS BANK, vice-chairwoman.

Other members of the committee included: Miss Alice Blackstrom, WASHINGTON MUTUAL SAVINGS BANK; Miss Kathleen Hewitt, NATIONAL BANK OF COMMERCE; Mrs. Ethel Kay Madden, SEATTLE-FIRST NATIONAL BANK; Miss Sarah E. O'Neill, BANK OF CALIFORNIA, N. A.; Miss Madeline Stanway, NATIONAL BANK OF COMMERCE; Miss Hilda Dodd, CANADIAN BANK OF COMMERCE; Mrs. Marvel Harmon, UNIVERSITY NATIONAL BANK; Mrs. Virginia D. Martin, PACIFIC NATIONAL BANK; Miss Marguerite Patton, SEATTLE-FIRST NATIONAL BANK, and Miss Selma Welch, PEOPLES NATIONAL BANK of Washington.

A number of these workers joined high-ranking Army and Navy officers on the *Marigold's* maiden voyage from Tacoma shipyards to Seattle. Special hospital citations were awarded to all

women who sold 25 or more Series E bonds, and to women's organizations which sold more than \$25,000 in bonds.

Copy Slants

THE Financial Advertisers Association suggests the following paragraph from a New York *Times* editorial as a foundation for future War Bond advertising copy:

"The sharp increase in bond redemptions in recent months indicates that an increasing number of our citizens are not doing their full job. In May, redemptions of Series E bonds reached a new peak in excess of \$270,000,000. This total was equal to 38 per cent of the \$713,000,000 of Series E bonds sold that month. Too many people are loaning money to the Government on a temporary basis. But the reason for having bonds in the first place — to finance the cost of the war and to reduce the pressure of inflation — are the same reasons why they should be held. Whenever a bond is redeemed another must be sold to take its place. Large scale redemptions complicate the problem of financing the war."

With German defeat predicted in many quarters by October or November, or perhaps earlier, the New York *State Banker* observes that new trends in War Bond advertising are likely to develop both in forthcoming drives and in interim sales campaigns. Current "anti-redemption" advertising urges the public to resist the temptation to redeem bonds for cash to buy consumer goods which will soon start to flow back into the market. Another trend, already noted in some sections, stresses self-interest to a greater extent than patriotism as a motive for continuing to buy bonds.

One magazine chain is planning a whole series of advertisements based on the theme, "War Bonds Today Are Jobs Tomorrow." The purpose of the series will be to make the public aware that, in the last analysis, consumers and the investing public will create their own post-war jobs, and thus the whole emphasis will be placed directly on each person's selfish interest in buying

(CONTINUED ON PAGE 84)



A switch in time saves...

TAKE a tip from Bill Bjones... he knows that a *switch in time* saves his family from avoidable accidents—saves many steps—saves electricity so vital to war production.

In the correctly planned home of the future, it will no longer be necessary to enter a dark room or hallway—groping for the light switch—or leave burning lights behind.

Multiple control by conveniently placed switches will permit home owners to "keep light ahead of them"—when and where they want it, at all times.

But multiple lighting control is just ONE of the many conveniences and economies that result from "better wiring

for better living" in homes of tomorrow.

Acquiring a home is the greatest single investment in the average family's lifetime. It is important that such an investment be protected.

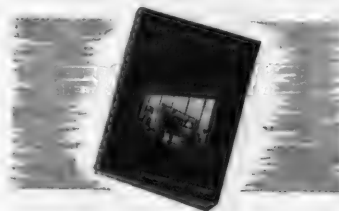
Better wiring is one of the best ways of deferring obsolescence—of adding to a home's resale value.

You can add to your service to clients by explaining to them why electrical equipment and wiring in homes they build or buy should be brought up to 194X standards.

HELP FOR YOU

We will be glad to send a free copy of "Electrical Living in 194X" to banks,

building and loan associations, insurance companies, and other financial organizations interested in postwar housing.



You will find this 64-page book especially helpful when explaining to prospective home owners the urgent need for better wiring in their future homes.

Further—our housing specialists are ready to assist you in electrically planning the homes you finance.

WRITE: Better Homes Department, (8-94) Westinghouse Electric & Manufacturing Company, Pittsburgh 30, Pa.

Westinghouse

Plants in 25 Cities

Offices Everywhere

TUNE IN John Charles Thomas, Sunday 2:30, EWT, NBC.
Ted Malone, Monday, Wednesday, Friday 10:15 pm, EWT, Blue Network.



See THIS WAR-BORN IMPROVEMENT
IN CALENDAR CARDS

BASTIAN Velplate CALENDAR CARDS

Celluloid, customarily used for pocket calendar cards, became a critical war material. Bastian engineers went to work, developed the Bastian Velplate Calendar Card. America's leading banks and corporations quickly accepted Velplate, not only as a highly satisfactory substitute but as an actual improvement over celluloid.

Bastian Velplate Calendar Cards are made of special board—strong, tough, durable, flexible and with a quality of properly absorbing printing inks. They are expertly plate-polished by Bastian craftsmen. This gives the calendar a beautiful, smooth, velvet sheen that is retained throughout the life of the card. Happily, too, we can offer these Velplate cards at a lower price than you have paid for celluloid cards!

It's none too early to order your 1945 Calendar Cards—but don't order until you have seen the Bastian Velplate Calendar Cards.

Simply clip bottom of this advertisement, fill in, and we'll rush samples, prices, etc., by return mail.

*"We think Velplate
Calendars better than
celluloid."*

H. L. Hart
Pres., Hart-Conway Adv. Agency

SOME USERS OF NEW BASTIAN VELPLATE CALENDAR CARDS:

Phoenix Mutual Life Ins., Co.
National Cash Register Co.
International Business
Machine Company
Broderick & Bascom Rope Co.
The Torrington Company
Rochester Savings Bank
Maryland Casualty Company

*Velplate is also suitable for
Advertising Blotters, Rulers, Etc.*



**BASTIAN
BROS. CO.**

Serving the trade since 1893

Rochester, N. Y.

NAME _____
TITLE _____
COMPANY _____
CITY _____

METHODS—Continued

bonds. The campaign will be pointed directly at workers and will hammer away at the theme that savings money today creates employment for them tomorrow.

Goodwill

PIKEVILLE, Kentucky, nestled in the foothills of the Cumberland Mountains, boasts an enterprising, public relations-minded bank. The local FIRST NATIONAL is in the news repeatedly. Here is where bank employees begin the day with organ music, a song and a prayer; where bond buyers strike a liberty bell mounted on the bank building after each new purchase; where, in short, folks get a real kick out of banking.

Latest in a long series of unexpected goodwill gestures was a packet of hollyhock seeds, addressed to "our friends," compliments of the bank. A form letter, signed by Vice-president JOHN M. Yost, tells of the unusually beautiful crops of hollyhocks enjoyed by the community this season, "too beautiful not to share them with our friends elsewhere." The letter also contained an announcement and invitation to the annual Autumn Song Festival—"a singing convention, where mountain folks sing to the glory of God"—to be sponsored in October by the bank. The whole idea is tied in with the bank's "remedy for the times—a smile—a flower—a song—a prayer."

Contest

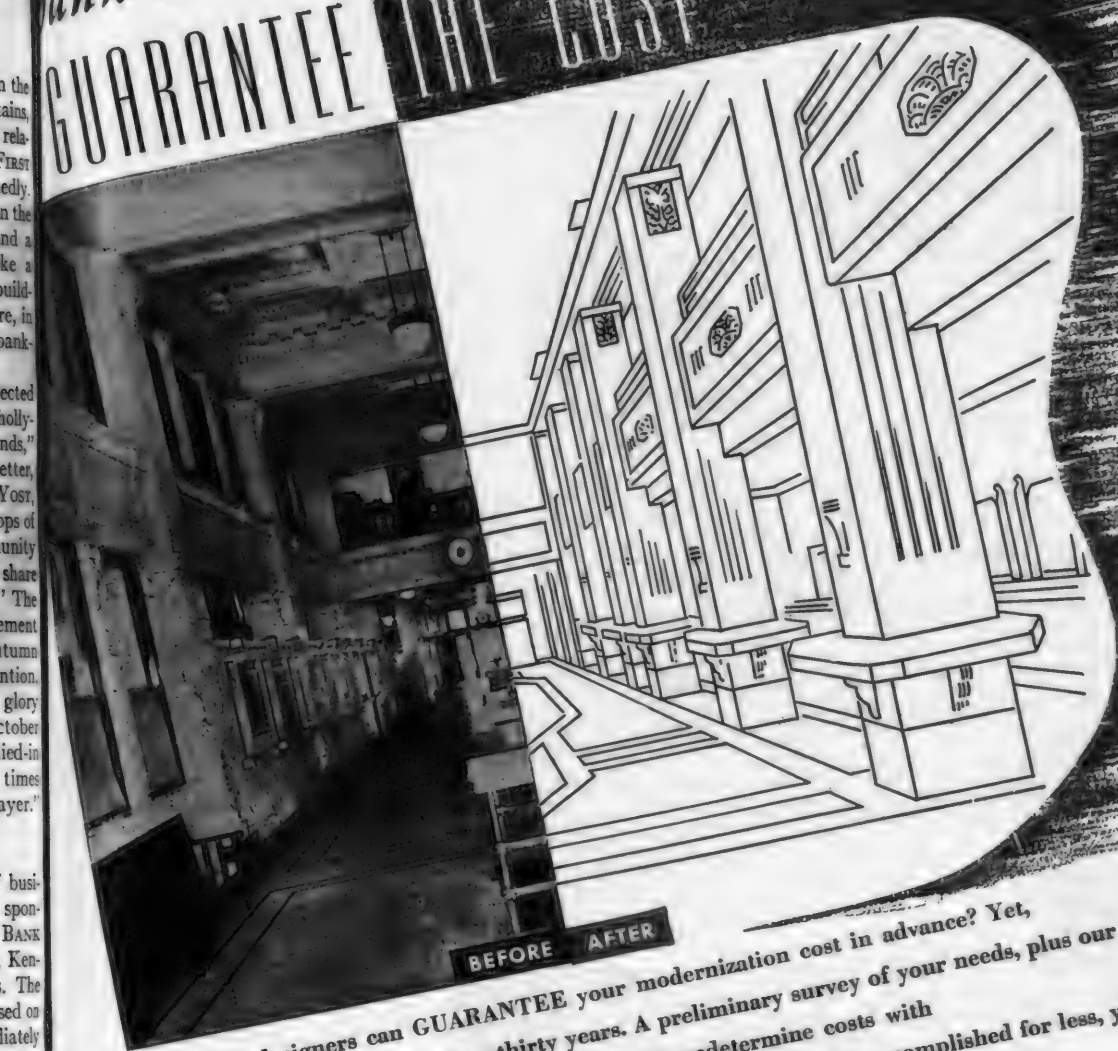
SOMETHING new in the way of business-building contests is being sponsored by the LIBERTY NATIONAL BANK AND TRUST COMPANY, Louisville, Kentucky, for its 10 branch offices. The drive for checking accounts is based on allotted quotas; it will end immediately upon the day hostilities cease with Germany (either by surrender or armistice) provided this occurs before Armistice Day, November 11, 1944, when the contest is scheduled to close.

Each office or "team" will be captained by an officer or branch manager, and each team will be sponsored by two or more employees now in the Armed Services.

Rules are that the team with the highest percentage of quota on the day war ends with Germany (or on November 11) will receive a cash prize of \$75, runners-up will receive \$50 and \$25 for second and third place. The service man sponsoring the winning teams will also be awarded special prizes.

With victory "in the air," each team (CONTINUED ON PAGE 86)

Only expert
bank designers can afford to
GUARANTEE THE COST



BEFORE AFTER

How many designers can **GUARANTEE** your modernization cost in advance? Yet, that has been our policy for over thirty years. A preliminary survey of your needs, plus our wealth of comparative cost data, enables us to predetermine costs with exactness... and guarantee them in advance. In event the work is accomplished for less, you effect a savings. However, the maximum cost is fixed... and **GUARANTEED**. Eliminate guess-work when you modernize... consult the experts. Mail the coupon, now.

**Bank Building and
Equipment Corporation**
OF AMERICA

BANK BUILDING and EQUIPMENT CORPORATION of America
9th & SIDNEY STS., ST. LOUIS 4, MO.

Gentlemen: On or about _____ we contemplate:

☐ New Building ☐ New Fixtures
☐ Remodeling Building ☐ Remodeling Fixtures

Without obligation please furnish us complete information as indicated.

Name _____ Title _____
 Bank _____
 City _____ State _____

BCH 64

**"I'VE GOT
THE BIGGEST JOB
IN THE OFFICE!"**



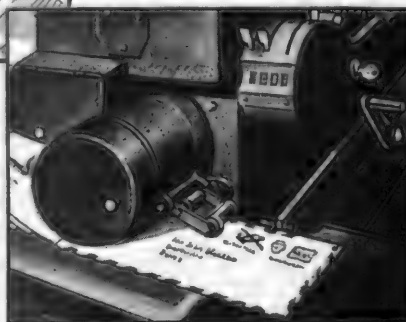
"...and What Do I Get? ▶

Squawks that split your eardrums! In the morning I open a million letters by hand and the boys are mad if they don't get their mail in nothing flat. They must think I've got a hundred hands."



◀ "In the Afternoon

I do the same thing all over again besides taking care of the outgoing mail. And is that a honey of a job in this outfit! It all comes through in the last half hour and there isn't an automatic machine in the joint! Sealing, weighing, stamping—everything done by hand. I'm disgusted."



No Wonder Johnny Gripes!

His is a big job that calls for experience, competent supervision and modern mail-handling systems and machines. Plan a modern, postwar CC-equipped mailroom now—our specialists will gladly help you. It's the accepted way to insure speedy, accurate, protected handling of your mail . . . of putting your mailroom on a par with your other departments.

Metered Mail Systems . . . Postal and Parcel Post Scales . . . Letter Openers . . . Envelope Sealers . . . Multipost Stamp Affixers . . . Mailroom Equipment. (Many Units available.)

**COMMERCIAL
CONTROLS
CORPORATION**

Buy Extra War Bonds

ROCHESTER 2, NEW YORK

BRANCHES AND AGENCIES IN PRINCIPAL CITIES

METHODS—Continued

is keyed to do the best possible job in the quickest time in behalf of its sponsor.

"This is one contest," comments First Vice-president Ashby Millican, "of which we can honestly say: the sooner it ends, the better we will like it."

Endorsements

THE number of checks returned by drawee banks because of irregular endorsement may be infinitesimal compared to total clearings, but it nevertheless represents a tremendous quantity, taken in the aggregate. A correspondent reports that well over 1,000 such items were returned in a single month, 80 of which necessitated advising the depositors by wire. Another substantial quantity of checks bearing irregular endorsements were also returned subsequently by depositors.

The tendency just to dismiss this problem of irregular endorsements as an ever-present nuisance seems shortsighted, when one adds the costs of clerical work involved, and the loss of time in collections.

A spot check of the situation indicates that the problem shows a marked upward trend. Some attribute it to the increasing number of no-minimum-balance check customers, to the vast number of new check users who either do not know or carelessly ignore standard endorsement procedure. Others ascribe it to "public tension," "war nerves," general misunderstanding or interpretation of bank check procedure.

In our humble opinion, the latter reason probably accounts for the vast majority of irregular endorsements. The average individual has as much respect for a check as he has for paper currency, and seldom is he so pressed for time that he scribbles an incorrect endorsement on the back of a check in haste.

Under the pressure of other things, isn't it true that educational programs have been shelved for the duration? Before the war, bank advertising did a real educational job; now few banks are running such campaigns. Then, more time was spent on the new account, he received much instructive literature. But now again, the personnel problem shuts out part of this source of information.

It is apparent that the job of educating depositors, especially with reference to check endorsements, is an individual

(CONTINUED ON PAGE 88)

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NKING



"There's Always a 'Meaty' Message in De Luxe Ads"

REDUCING CHECK COSTS

DEPENDABLE SERVICE

\$16,000,000,000.00

CONSERVE AND SAVE
AND BUILD GOOD WILL

IS THERE A PAPER SHORTAGE?

THE CHECKS YOU BUY
and give away

WARTIME SERVICE

A Typical
De Luxe Ad

HOW LARGE ARE YOUR CHECK INVENTORIES?

Years ago banks were accustomed to carrying large inventories of varied check styles. Gradually certain slow-moving forms were eliminated but, generally speaking, stocks continued to be substantial.

In recent years we have observed that quite a number of smaller banks have discontinued stocking large size customers' checks entirely. They carry only pocket checks and order everything else from our catalog. This seems to make sense because not only can they reduce their investments but they are enabled to recover most of their check costs and at the same time provide a much wider selection of styles and colors than they could hope to carry in their own stock rooms.

One bank we serve gives each new account a book containing only ten checks for emergency use until the imprinted

checks are received, but in most cases no checks at all are supplied because the majority of new customers don't need any for a week or ten days. The important point is that responsibility for check inventory is switched from the bank to the check printer.

Despite the fact that we ourselves carry large inventories, and probably the most complete assortment of styles and colors, the totals are very small as compared to what they would be if banks had to carry them. This, of course, means a lot during wartime when inventories are restricted, but even in normal times it is a practical contribution to the economical distribution of bank checks.

Write us for more complete details concerning reduction of inventories and recovery of check expense.

De Luxe
CHECK PRINTERS
Inc.

Manufacturing Plants at

NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL

Ideal for
Starting Off
New
Customers

Use the
Complete
De Luxe
Inventories

Tear Out
This Corner
as Memo to
Write De Luxe

Large Check
Selection Given
Customers

Check Cost
Approaching
Zero

Bringing
Inventories
Down

Another Continental Achievement that AMAZES even us



OF late years we have made such prodigious strides in the production of Continental Engines that it seems to be the only thing that counts. However, this complete preoccupation with the urgent needs of the present occasionally gets a tap on the shoulder from out of the past, reminding us that the fame of Continental's Red Seal was not built in a day.

We're thinking particularly of the old fire engines of father's boyhood days,—those first ones that spelled the doom of the fire engine horse. A special Red Seal Engine was built for these early fire trucks which attracted no end of awed attention.

But it was twenty years ago that we discontinued that particular engine, and by all the rules of progress and obsolescence it should have become only a nostalgic memory in this year of 1944. These old time Red Seal Engines refuse to give up the ghost, however, and they're still on the job.

Nobody could possibly expect those first Red Seal Engines to give over twenty years of constant service,—but they have! It is this power to win that has kept Continental in the forefront of power progress,—a fact that will be more pronounced than ever when Continental turns once again to its peacetime pursuits.

Glenn
President

Continental Motors Corporation
MUSKEGON, MICHIGAN

POWER



TO WIN

METHODS—Continued

one, to be covered locally wherever the condition gets out-of-hand.

Bond Idea

GEORGE E. LEWIS, president of the Lewis State Bank, Tallahassee, Florida, had a novel idea to help boost bond sales during the last drive. He picked five local citizens, whose names were held secret, to represent the bank. Then he announced in newspaper advertising that the bank would award a \$25 War Bond to any local citizen who approached any one of the five selected men and women and asked the question: "Have you bought a War Bond at the LEWIS STATE BANK during the Fifth War Loan Drive?", providing the individual had subscribed in the drive personally.

That's one way to get the town talking . . . and buying bonds.

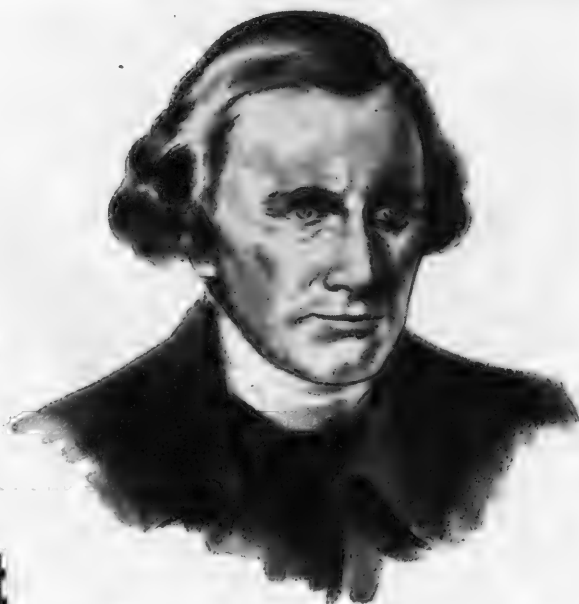
GI Banking

WITHIN the past 18 months BANK OF AMERICA, California, has installed special banking facilities in strategic locations throughout the state to serve the armed forces and war workers. Some 40 such facilities are now in operation or have been approved and are now in the process of being opened. In all of them, services and business hours are geared to wartime needs. These temporary offices have been set up at training camps, receiving barracks, ports of embarkation, air fields, ordnance depots, hospitals, navy yards and repair bases. The system has proven so successful that it has been
(CONTINUED ON PAGE 90)

Plenty of wartime atmosphere at the War Bond booth helps the Holyoke (Massachusetts) Savings Bank meet its monthly sales quota



"I have but one
lamp by which my
feet are guided



...and that is the lamp of experience"

THESE WORDS spoken by Patrick Henry in 1765 strike a keynote in today's business problems. Now, more than ever, your customers will need to rely on the experience and judgment of men whose years in banking and finance equip them to work out wartime financial readjustments.

Today, many war contractors have a large percentage of their current assets tied up in inventories of raw materials remaining from cancelled war contracts. Your bank can be of immediate help by planning an inventory loan backed by field warehouse receipts issued by Lawrence Warehouse Company...the pioneer and specialist in the developing and perfecting of field warehousing. Lawrence System offers bank loan officers its experience and cooperation in arranging and handling inventory loans.

Bankers throughout the country have—for over 30 years—planned inventory loans the Lawrence System way. Hundreds of commodities have been used as acceptable and sound collateral. So when you are faced with any inventory loan problem, call upon the trained personnel of the Lawrence Warehouse Company. Your inquiries will be confidential...and service rendered from coast to coast.

30 YEARS OF FIELD WAREHOUSING EXPERIENCE

is offered you and your customers by Lawrence Warehouse Company. In a specialized operation like field warehousing the Lawrence executives can advise customers with a skill and capability that only comes from years of banking service.

LAWRENCE SYSTEM *field warehousing* FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall Street • Chicago: 1 N. La Salle Street • San Francisco: 37 Drumm Street • Los Angeles: W. P. Story Building • Buffalo • Atlanta • Cincinnati • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Jacksonville, Florida • Dallas • Houston • Denver • Fresno • Portland, Oregon



ONLY *One* LETTERHEAD STANDS OUT TODAY

Bright spot in the daily mail parade — the letter on fine *all-rag* paper such as Masterline Anniversary Bond! . . . the one type of paper that's just as sparkling white, clean, crisp, permanent and impressive as before the war!

Always a number one choice for distinguished letterheads, *all-rag* Anniversary Bond is now a greater-than-ever value . . . because many non-rag and part-rag papers tend to be grayish, have a drab "newsprint look," due to wartime shortages of bleaching chemicals.

Made entirely of new, clean cotton cuttings (no wood pulp used), *all-rag* Anniversary Bond combines strength and a genuine quality "feel" . . . resists repeated erasures . . . withstands today's rough, hurry-up handling . . . yet costs you only $\frac{1}{5}\phi$ more per letter than 25% rag-content stock!

Talk to your printer, lithographer, engraver or paper merchant . . . and specify Masterline *all-rag* Anniversary Bond for your next letterhead run or re-run.

FOX RIVER PAPER CORPORATION
401F South Appleton Street • Appleton, Wisconsin



FREE COMPARISON KIT

Visual proof! Comparative samples show at a glance why *all-rag* Anniversary Bond is the paper for your letterheads . . . printed, lithographed or engraved. Please request on your business stationery. No charge. Write today.

All-Rag ... ONLY



MORE PER LETTER

ANNIVERSARY BOND

A FOX RIVER

Masterline

PAPER

METHODS—Continued

recently extended to large essential industrial plants and war housing developments.

Cashing of pay checks, according to a new booklet describing BANK OF AMERICA work, constitutes the bank's greatest single activity.

The other services include carrying savings and checking accounts, issuing travelers checks, bank money orders and cashier's checks, selling War Bonds and Stamps, meeting cash requirements of finance officers, receiving deposits for credit to the Treasury, and handling accounts of post exchanges, ships' stores, American Red Cross, officers' mess, camp theatres and similar units.

Other banks over the country are doing similar jobs for men and women in the armed services. There's a human interest story in every one of these operations that ought to be told to the home folks.

Christmas Savings

THE SOUTHERN BANK & TRUST COMPANY, Richmond, Virginia, is sponsoring a "new plan for Christmas savings," which combines the savings stamp idea with a novel type of check.

When a customer joins the club, he receives a check, with spaces to affix stamps purchased through the season, plus the bank's pledge to redeem the check for the full amount of the stamps on it after December 1, 1944.

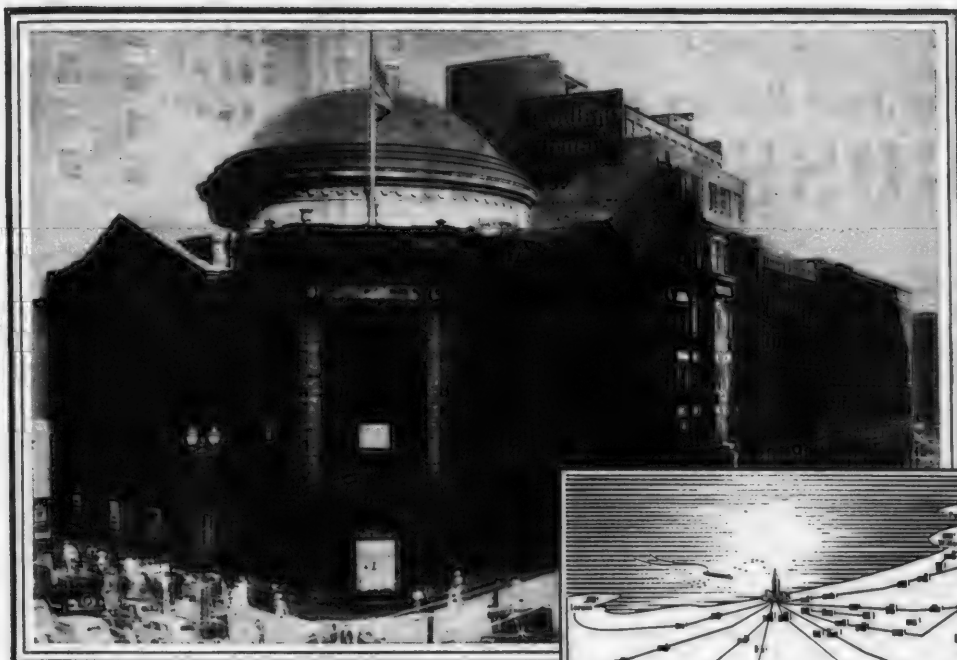
The checks are in four classes — 50 cents, \$1, \$2 and \$5. Properly endorsed, the check can be cashed anywhere for the amount of the stamps it carries. "No fuss, no bother, no red tape, no delay," says the bank. "The plan is simplicity itself."

Asked about possible loss of the check, Auditor J. G. Fry, Jr. says: "The only answer is that each case will be judged on its own merits. Although the rules of the club which are printed on every check and every signature card state that the bank is not responsible for lost stamps or checks, we would nevertheless make good such a loss to a customer whom we know well, and whom we would trust.

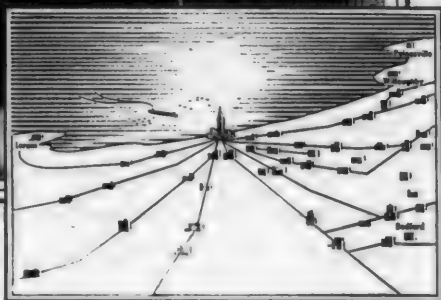
"The transfer of lost stamps to another check by someone other than the purchaser probably could not be detected, but it is felt that this problem would be negligible in proportion to the volume of stamps sold.

"From the standpoint of internal operations, the plan has been wholly

(CONTINUED ON PAGE 92)



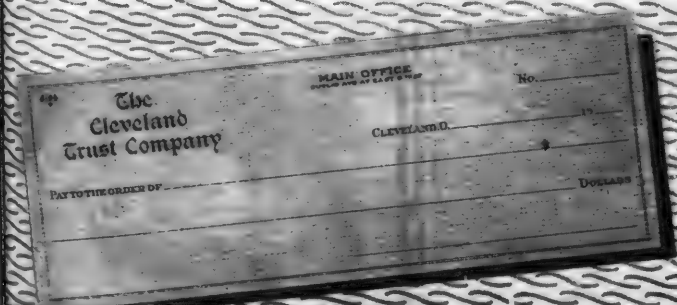
Group of buildings occupied by The Cleveland Trust Company Main Office (above) and map (right) which shows the location of its 45 branches.



Another leading bank using Hammermill Safety

SYMBOLIC OF THE POSITION The Cleveland Trust Company occupies in the city's life, its main office group of buildings stands in the heart of Cleveland. Its 45 branch banks are conveniently dotted throughout the city.

Checks of this influential institution are printed on Hammermill Safety paper. The check shown below is on Straightline Hammermill Safety, with the seal of The Cleveland Trust Company an integral part of the surface design.



It's easy to write on
**HAMMERMILL
SAFETY**

MANUFACTURED BY HAMMERMILL PAPER COMPANY, ERIE, PA., FOUNDED 1898

The Best Papers are made of GOSSYPIMUM

For years *Gossypium herbaceum*, *Gossypium barbadense* and other members of the cotton family have been the foremost fibers for making fine paper. For only cotton fibers can give to paper the rich appearance and long life so necessary in modern business uses.

Fine appearance is but the "dividend" you get in Parsons cotton fiber paper. Its crisp quality, in whatever weight you use it, handles more rapidly, erases cleanly, retypes clearly, files more readily, and outlives any other form of paper, a factor of especial importance for records and long term documents.

For nearly a century Parsons has specialized in Bond, Ledger, Index and Technical Papers made of strong, clean cotton fibers.

Write today for Demonstration Folder of these superior business papers and see how they can be used in your business.

PARSONS PAPER COMPANY, HOLYOKE, MASS.

Parsons Paper
Specialized for Modern Business

METHODS—Continued

successful. No problems, and the saving in time and effort have been tremendous."

Sixth War Loan

The success of the War Bond cover contest for magazines which keyed the Fifth War Loan drive prompts the Treasury to work out a plan for a similar promotion stunt using every outdoor poster panel in the country for the prospective Sixth War Loan, tentatively scheduled to run from Armistice Day to Pearl Harbor Day, November 11 to December 7.

The War Finance Division and the War Activities Committee of the OUTDOOR ADVERTISING ASSOCIATION has prepared a plan whereby every national and local outdoor advertiser will be asked to use a bond theme in his display during the proposed drive.

Designs for the display will be similar to the magazine cover project, with each advertiser asked to feature a \$100 War Bond on the poster. Where displays are already in production, advertisers will be asked to schedule prepared designs to another month and substitute a bond poster.

New Film

THE AETNA CASUALTY AND SURETY COMPANY will start production shortly on an educational film supporting the U.S. Secret Service crime prevention campaign directed at check thieves and forgers. It is expected that one or more prints will be deposited with each of the 55 branch offices of the Secret Service for local bookings. A special agent in each office will be assigned the duty of projecting the film before luncheon clubs and other groups. It will also become part of a course of instruction in the American Institute of Banking and

(CONTINUED ON PAGE 94)

Robert Strickland, president of the Trust Company of Georgia, presented \$100 War Bonds to three leaders in the bank's inter-office bond selling contest during the last drive



BANKING



"glad to tell you how it helped
cut personnel losses"

THE words above are typical. Employers like Honesty Engineering because it helps reduce the personnel losses that hurt most—losses of those trained and trusted employees who "didn't mean to steal" but did. Case studies show that this unique Personnel-Protection Plan, developed and pioneered by the U. S. F. & G., has reduced substantially the number of men and women discharged for dishonesty.

The Personnel-Protection Plan not only insures you against financial loss through employee dishonesty but: (1) discloses

undesirable personnel and prevents waste in training; (2) applies tested methods that keep good employees from going wrong; (3) helps employers eliminate leaks, pitfalls and careless acts that may lead to employee dishonesty.

Whether you employ 10 or 10,000 people, your U. S. F. & G. agent will be glad to show you how this plan helps you keep employees by keeping them honest. Consult him today.

*Branch Offices in 43 Cities
Agents Everywhere Handling all Forms
of Bonding and Casualty Insurance*

U. S. F. & G.

UNITED STATES FIDELITY & GUARANTY CO.

affiliate:

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE, MD.

Consult your insurance agent or broker as you



would your doctor or lawyer



★
Flags of the Allied Nations, bomb and shell casings, decorate the lobby of the Citizens National Trust & Savings Bank, Los Angeles. The ammunition was loaned by the local Army Office of Procurement
★



While in Chicago, Visit The First

A hearty welcome is assured ABA members at The First.

We look forward with pleasure to the time of the convention, when we shall renew those personal contacts that we have enjoyed for so many years.

Edward E. Brown, President

Bentley G. McCloud, Vice-President James B. Forgan, Vice-President

Harold V. Amberg, Vice-President Irvin L. Porter, Vice-President

Roy C. Osgood, Vice-President

BANKS AND BANKERS DIVISION

| | |
|--------------------|--------------------------|
| John J. Anton, | Vice-President |
| Thomas J. Nugent, | Vice-President |
| Harold W. Lewis, | Assistant Vice-President |
| Melvin H. Thies, | Assistant Vice-President |
| Verne L. Bartling, | Assistant Vice-President |
| Leland L. Hobbs, | Assistant Cashier |
| Edward Decker, | Assistant Cashier |

The First National Bank of Chicago

Building With Chicago and the Nation Since 1863

on the program of national and regional meetings of the A.B.A. and other interested organizations.

Aetna agents will, of course, be encouraged to make use of the film locally as part of their own public relations campaign to enlist the cooperation of their communities in various forms of loss prevention.

Good Neighbor

THE COLONIAL TRUST COMPANY OF NEW YORK has employed an original and unusual way of declaring its interest in the development of two-way trade with Latin America.

Arthur S. Kleeman, president, announced recently that a special printing of the bank's statement of condition was prepared for Latin American correspondents and customers. On the first page appeared the following statement, signed by the head of the foreign division, Mario Diez:

"Our foreign division is dedicated to the principle that broader markets in the United States be developed in the post-war period for products of Latin American countries."

In discussing this reprint, a departure from the bank's usual statement form, Mr. Kleeman said: "The directors and officers of the bank are convinced that the United States must become a better customer, if we expect to sell our goods and products to our southern neighbors. If we buy from Latin America, they will buy from us; but we must help them develop their dollar purchasing power by the greatest co-operation in the expansion of our markets for their commodities and goods."

Conversion

THE MORRIS PLAN COMPANY of Rhode Island recently placed the question of conversion to operation under bank charter squarely before its customers via a personal letter. It read in part: "Before this important step is taken . . . we'd like to know about the sort of banking services for which you may have need in the future. We'd like to have the benefit of any suggestions you may care to make so that you can have the kind of bank *you want*."

Customers were invited to check a list of services in which they are interested on the reverse side of the letter and return to the bank with comments and further suggestions.

THE MORRIS PLAN COMPANY intends to use the tally of votes as a guide not only for the expansion of present services but for the addition of new facilities.

(CONTINUED ON PAGE 96)

FRIDEN

FULLY AUTOMATIC CALCULATOR



Visible Fully Automatic Multiplication... *a patented Friden Feature, makes completely Automatic Multiplication a reality.*

This amazing, fully automatic Calculator will be shown in Exhibit No. 18 in the Educational Display Convention at the Stevens Hotel in Chicago. We invite you to witness a demonstration of the completely effortless manner in which an operator can compute Straight Interest, Compounded Interest, Interest on Partial Payment, Federal Reserve Discounts, Average Daily Balances, Foreign Exchange, Amortization Schedules, Annuities, Bond Prices.

Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canada.

FRIDEN CALCULATING MACHINE CO., INC.

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA, U.S.A. • SALES AND SERVICE THROUGHOUT THE WORLD

Safe Deposit Forms

FOR readers interested in the technical phrasing of little used, but very important safe deposit forms, Louis M. Klingsberg, branch manager of The Pennsylvania Company, Philadelphia, submits the following recently adopted forms:

Safe Deposit Box Forced in Presence of Lessee

All keys having been lost to Safe Deposit

Box No. under lease to
at the Girard Ave. Branch of The Pennsylvania Company for Insurances on Lives & Granting Annuities, the Lessor, the said Safe Deposit Box was on this date, the day of 19.....
forcibly broken open by
..... in the presence of
..... acting for the Lessee(s),
and as witness for the Lessor.

After removing all contents, Lessee signed



One-half the people in the eleven western states reside in California. This is the West's greatest market. If, in your own surveys, the present and post-war opportunities in California occupy an important place, remember this: At Bank of America, which serves California through branches in more than 300 cities and towns, planning for tomorrow is second only to the task of meeting the vital banking and financial needs of today. Executives throughout the country are finding the services of this bank invaluable, whether their interests lie in the field of agriculture or industry, in reaching a vast consumer market here, or in approaching future foreign markets beyond the Pacific. Inquiries receive prompt attention.

| | |
|---------------------|-------------------|
| CAPITAL FUNDS . . . | \$ 171,776,392.04 |
| DEPOSITS | 3,767,443,322.19 |
| RESOURCES | 3,975,493,006.15 |

(As of June 30, 1944)

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER . . . FEDERAL RESERVE SYSTEM—FEDERAL DEPOSIT INSURANCE CORPORATION

Complete Banking Facilities - Commercial - Savings - Trust - Safe Deposit
Main offices in two reserve cities of California . . . San Francisco - Los Angeles



Blue and Gold BANK OF AMERICA TRAVELERS CHEQUES are available through authorized banks and agencies everywhere. Carry them when you travel.

the following statement:

I hereby certify that I was present in person in the Vault of the Lessor the entire time the above Safe Deposit Box was being opened, that the said Box and its contents were never out of my sight during the transaction, and that as soon as the Box was open, I withdrew all the contents thereof, without exception.

* I hereby request that the existing lease to this Safe Deposit Box be continued, in the same name(s) and in the same form as heretofore, and with the same authorizations now in force, and I hereby authorize the Lessor to deliver the new keys now to be made to this Box, to any person having right of access thereto.

For The Pennsylvania Company, Etc.:

(WITNESS)

(LESSEE)

* This paragraph to be stricken out if not applicable, and Lessee is then to sign Termination of Lease, in addition to above statement.

I hereby acknowledge receipt of two keys to above Safe Deposit Box, and I promise to take good care of both, and also of any of the lost keys that may be found or recovered, and to return all keys to the Lessor at any time that the lease to this Box is terminated.

Date:

★

(LESSEE OR DEPUTY)

Lessee's "Lost" Safe Deposit Key

On the day of 19.....
at about o'clock, key(s) to
Safe Deposit Box No. under lease
to at the
..... Branch of The Pennsylvania Company for Insurances on Lives & Granting Annuities, the Lessor, came into the possession of the said Lessor in the following manner:

* This key(s) was immediately enclosed in an envelope, envelope was sealed, seal was signed by and
..... and temporary custody of sealed envelope, on behalf of Lessor, was assumed by
(Branch Manager or Ass't Manager)

Notice to call promptly for key(s) was served on as follows:

Upon receiving the above key(s), on date indicated below, the undersigned visited the said Safe Deposit Box in presence of and finding contents of box intact, signed the following statement:

I hereby certify that I have this day of 19..... received from The Pennsylvania Company, key(s) to safe deposit box referred to above; and

(CONTINUED ON PAGE 98)

BBB 24

IS **23** WAYS BETTER



U. S. Pursuit Plane P-38J is conceded to be an improvement on the P-38. Likewise, North America's Bankers Blanket Bond #24 is an improvement on its predecessor—yes, 23 ways better, because its protection has been broadened to meet changing hazards in the banking field.

It is just as important for you to have the latest model protection as it is for the Army to have the newest equipment. Therefore, we suggest that you ask your Agent or Broker to review your present insurance—see if it includes all of the 23 improvements to be found in the BBB #24.

Are chattels, such as valuable objects of art, included? Does your insurance now provide transit coverage everywhere in the world? Would it cover property lodged or deposited with public officials, such as State Treasurers?

You need these improvements to stay modern in these changing times. They all have been incorporated in North America's BBB #24, at the specific request of bankers who want the broadest and most modern Bankers Blanket Bond. Shouldn't you have it too?

1792 **INSURANCE COMPANY OF NORTH AMERICA**
COMPANIES



INSURANCE COMPANY OF NORTH AMERICA
THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA
CENTRAL INSURANCE COMPANY OF BALTIMORE

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA
NATIONAL SECURITY INSURANCE COMPANY
PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY

PROTECT WHAT YOU HAVE . BUY WAR BONDS AND STAMPS

METHODS—Continued

that I have this day opened and carefully examined the contents of the said Safe Deposit Box, and have found none of the contents missing or disturbed.

Witnesses: (LESSEE OR DEPUTY)

★ Search for Will, Decedent's Safe Deposit Box

We, the undersigned, hereby certify that Safe Deposit Box No. in the Vault of the Branch of The

Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pa., leased to now deceased, was opened in our presence on this day of 19..... at about o'clock, at the request of

for the following purpose:

We further certify that during the time the said Safe Deposit Box was open, the contents of the Box were never out of our sight; that the said contents were examined in our presence by

that said contents were returned to the said Box in their entirety, except:

and that the said Safe Deposit Box was locked in our presence and the key given

to.....

In witness whereof, we have hereunto set our hands and seals this day of 19.....

For The Pennsylvania Company, Etc.;
..... (SEAL)
..... (SEAL)
..... (SEAL)
..... (SEAL)
..... (SEAL)

Received, from The Pennsylvania Company for Insurances on Lives & Granting Annuities, Last Will and Testament of dated

witnessed by and
naming as Executor (or Executrix):

Date:

Comments on the above forms are invited. If you have been obliged to prepare special forms to cover some unusual situation in the safe deposit department, we would like to have the story.

Address Editor, Methods and Ideas, BANKING.

GI Bulletin

The CHEMICAL BANK AND TRUST COMPANY of New York keeps its employees with the armed services in touch with up-to-date happenings at the bank, on the movements of fellow-workers serving Uncle Sam, how the bank is doing businesswise as told by its condensed statement of condition, and the latest news in sports through a bulletin published periodically, and illustrated with cartoons from leading national magazines and pictures taken in or of the bank.

The bulletin, produced by offset printing, sketches the activities of the workers in each department of the main office and the branches, gives the latest word on all of the GI Joes, and mentions well-known former employees who resigned to be married, or for other reasons.

In the sports section, in addition to summarizing the bowling news for both the men's and women's bank teams, the bulletin reports news items on leading national sports personalities, gives standing of clubs composing major and minor leagues and batting averages, runs batted in and home runs for major league players.

The CHEMICAL's bulletin is just one of many splendid bank house organs crossing the editor's desk and it seems to merit special mention because of the inclusion of the bank's published statement and the sports coverage.

Highlights in Insurance History



Last year a 2-story double dwelling suffered a terrific explosion which caused its collapse. The house then burst into flames, which entirely destroyed some surrounding dwellings and seriously damaged others. Members of both resident families were absent at the time.

An investigation, started immediately, produced a witness who de-

scribed a man seen running out of a nearby alley after the explosion. This man was identified as an associate of a notorious character, believed to be head of an equally notorious organization. He was also an enemy alien with a police record, including charges of murder. An owner and occupant of the building in which the fire originated, he was tried, convicted and properly sentenced.

The Committee on Incendiarism and Arson of the National Board of Fire Underwriters cooperated closely with public authorities in bringing this arsonist to punishment, as it has done, and is now doing, in countless other cases all over the country. During the past quarter century, thanks to the successful operation of this Committee, arson has become a pursuit so hazardous and unprofitable that it seldom is undertaken on an organized basis!



National Union and Birmingham

FIRE INSURANCE COMPANIES
PITTSBURGH · PENNSYLVANIA



North of the Border

A RECENTLY published unofficial analysis of the cost of the war—including supplies, weapons, ammunition, ships and other materials—shows that for every dollar the average Canadian has spent, the average American has spent \$1.75. Though based on government statements, the comparison is not strictly accurate and requires some explanation. On a per capita basis, total war expenditures work out at \$918 for every man, woman and child in Canada and \$1,644 for every man, woman and child in the United States. However, the greater wealth of the United States involves the employment of more capital and average real incomes are higher south of the border. The taxable and lending capacity of Americans is, therefore, greater. Another factor which influences figures of expenditures is the higher level of prices which prevails in the United States.

EFFECTIVE August 1, all restrictions were removed on the importation of a wide range of luxury goods from the United States and other non-sterling

countries. The ban was introduced in 1940 when Canada's foreign exchange position was threatened and covered articles such as refrigerators, certain types of clothing, jewelry, perfumes, furniture and washing machines. As luxury items are just as scarce in the United States as in Canada, removal of the restrictions is not expected to result in large scale imports at the present time.

BEFORE adjourning last month Parliament passed a surprisingly large amount of new legislation. The outstanding statute is the Family Allowances Act which provides that the Federal Government will, commencing in July 1945, pay allowances of \$5 to \$8 per month to families on behalf of children under 16 years of age. The measure received the support of all political parties but has been strongly denounced by the Ontario Government. Industrial Ontario, wealthiest province in Canada, will have to contribute the most in taxes to support the scheme and will not benefit proportionately. Quebec, with its many

large rural families, will contribute less and benefit much more.

After many months of discussion in committee, the Bank Bill was finally adopted by Parliament and the charters of the commercial and savings banks renewed for another 10 years. The special provision of the bill covering personal loans was eliminated on the assurance of representatives of the 10 chartered banks that adequate facilities for this type of accommodation already exist. The Industrial Development Bank Bill, providing intermediate and long term credit for small industries, has also become law.

OTHER new legislation provides the chartered banks with a government guarantee for certain types of short and intermediate loans to farmers for the improvement of their properties and equipment. Both farmers and fishermen will be guaranteed minimum prices for their products in the immediate post war period.

A CANADIAN CORRESPONDENT

CANADIAN BONDS

Government

Provincial

Municipal

Public Utility

Direct Private Wires to Toronto and Montreal

Bell System Teletype—NY 1-920

Telephone COrtlandt 7-6080

Wood, Gundy & Co.

Incorporated

14 Wall Street, New York 5

Heard Along Main Street

Choir Director Wageman

DON H. WAGEMAN, vice-president of The American National Bank, Cheyenne, Wyoming, is also the director of the volunteer choir of the First Methodist Church in Cheyenne. During his 13 years of service the choir has grown from 12 members to 50.

Mr. WAGEMAN also directs the Cheyenne Philomelan Club, a male chorus which is co-sponsored by the City of Cheyenne and the Chamber of Commerce.

C. of C. Director

Addendum—In the list of directors of the Chamber of Commerce of the United States appearing in the July issue of *BANKING*, the name of ELMER H. SEXAUER, Brookings, South Dakota, was omitted. Representing District VIII since 1939, Mr. SEXAUER is a director of the National Bank of South Dakota, Sioux Falls, and also of the First Bank Stock Corporation, Minneapolis, Minnesota.

A.I.B. Entertains

The Women's Committee of the Richmond Chapter, American Institute of Banking, under the auspices of the local chapter of the American Red Cross recently entertained the patients at the McGuire General Hospital for wounded veterans, with a county fair, replete with fat lady, side show, games of chance, fortune telling, whips, canes and spinning wheels—and a kiss booth.

Ambulatory patients entered into the sports enthusiastically and pockets bulged with prizes won—all useful articles for the GI hero. A large basket of fruit was the piece de resistance.

The Red Cross Canteen Service provided frosty punch and homemade cookies.

Miss DOROTHY ELY, chairman of the women's committee, included in her plans the visiting of the patients in the wards where cigarettes and other gifts were distributed.

At hospital bed time, the boys reluctantly left the fair and it was difficult to decide who received most benefit from the morale building—the women's committee, American Red Cross or the boys.

Career Girl

VIRGINIA OWEN VALENTINE, assistant advertising manager of State-Planters Bank in Richmond, was one of 12 career girls chosen by "Glamour" magazine to attend a national conference in New York to discuss problems that confront young business women. She was selected from a group of 500 girls by the editor of "Glamour," Elizabeth Penrose, because of the interesting ideas and suggestions that she had contributed to the magazine. Miss VALENTINE is chairman of the local "Glamour Career Council."

Miss VALENTINE for several years was manager of the vault department of the State-Planters Broad Street Branch.



Her originality and imagination captured the attention of the senior officers, and she joined the advertising department where she has been for some time.

The bank says: "She is doing an exceptionally fine job in this capacity and her talents have been displayed particularly in the editorship of our bank magazine *No Protest*." VIRGINIA has earned the Pre-Standard Certificate as an A.I.B. student, and has held various A.I.B. offices. She also is active in war work.

Island Warfare

Captain D. H. CROCKETT, A. C., former member of the American National Bank, Nashville, Tennessee, describes life in one of those prefabricated, windowless igloos, called Nissen huts, somewhere on the other side of the globe: "They are covered with cane

reeds to help keep out the terrific rays of the sun. For furniture we have Army cots and a table made from packing boxes.

"This island is composed entirely of rock and sand. Never see a living thing except ourselves, and the coolie labor we have imported. We have no fresh water except sea water which is distilled for drinking purposes. Have you ever tried to work up a lather in a salt water shower?

"Most of us enjoy a daily swim at a nice beach nearby. But recently one of the officers was attacked by a shark while only waist deep in the surf. Usually sharks do not come in so close, but I'm like Bob Hope—'Maybe he wasn't a man eater, but he might take a bite outta me and spit me out.'"

When one gets tired of the desolation and solitude out there, he can step to the water's edge and watch giant stinger rays playing off shore.

The captain goes on: "We eat dehydrated food, and one never knows what one is eating unless one sees the menu. To top it all off, the prelude to the monsoon is beginning to blow, and one needs a compass to find their way around because of the shifting sand. We wake up in the morning even indoors with a sand stenciled outline of where we have been sleeping.

"They sure pick the damndest places to have wars."

Hitler's Ironing

For an interesting account of a decidedly unpleasant incident, read the following letter from Lt. WILLIAM S. PRATT, bombardier and former employee of The Detroit Bank, as reprinted from that institution's publication, *The Teller*:

"I've been busy doing some ironing—Hitler's ironing. Certain places aren't what they used to be. Guess you've read in the papers about the 15th Air Force in Italy.

"Here's an interesting experience I had a while back. Going over a certain oil refinery, we encountered some Jerry planes and intense flak. We were hit numerous times by the flak, and after 'bombs were away' we started home. It was then we realized we didn't have an oxygen system left, and here we were

(CONTINUED ON PAGE 102)

**CONTINENTAL ILLINOIS
NATIONAL BANK
AND TRUST COMPANY
OF CHICAGO**

**COMMERCIAL BANKING
CORPORATE AND PERSONAL TRUST SERVICES
FOREIGN BANKING FACILITIES
UNITED STATES GOVERNMENT AND
MUNICIPAL SECURITIES
SAVINGS DEPARTMENT**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

MAIN STREET—Continued

—away up in the blue—considerably higher than one can stay alive without oxygen. Immediately my pilot tried to call the leader and tell him the trouble so we could get permission to leave formation, but we could not raise him on the radio; so I proceeded to use the 'biscuit shooter'—'Altes Lamp' to you—to signal the lead ship in code. I was very happy I passed my code check two days before, because we did get results.

"We descended alone, at a rapid speed. During the interval of reaching the lower level, three of us passed out of

the picture. I recovered later to find myself slumped over the chin turret. We arrived home safely—very glad Jerry hadn't seen us alone. Our navigator and ball turret men received Purple Hearts on that mission. And, never do I want to be without oxygen again, even if we did get home early."

Black Warriors

Lieutenant N. C. D. WILKEY, R. A. South East Asia, former employee of the Royal Bank of Canada, London Office, reports in the employee journal: "After three years in West Africa I have now moved to the Burma front. Except

for the rather more nasty type of human enemy our other enemies differ very little from those we had to withstand in West Africa. The malarial mosquito is still with us and is just as efficient and there are the usual battalions of dysentery, cholera and smallpox bugs to fight.

"I recently spent a month's leave with a tea planter in northern Bengal. It was my first spell after more than two years and was a delightful change. One sometimes tends to forget that there are such things as civilian households where water comes hot out of a tap; baths are long and white; one feeds at a polished table; ladies are white and the sight of them a fairly commonplace event, etc.

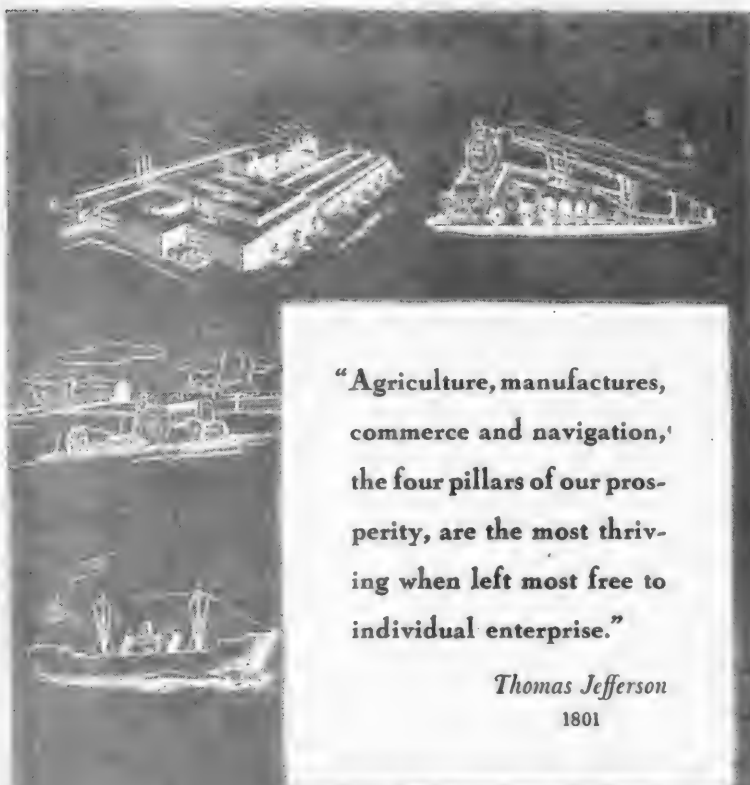
"However, we are not really too badly off. I am with a very good crowd of fellows both black and white and we are looking forward to that day, which now cannot be too far distant, when we get back to our homes and loved ones and start to be constructive instead of destroying."

Givum Fellow Boy Smoke

Lieutenant JACOB OMDAHL of the Irving Trust Company, New York City writes: "I'm living in a native Southwest Pacific village, with grass houses and such. In the past month I have seen a good deal of action and feel no ill effects from it. I can't complain about this spot since it is ideal. We have bananas, coconuts and hot sulphur spring baths. The springs are about 10 feet wide and four deep; the water is clear and flows very rapidly. It beats all other kinds of baths.

"The natives are very friendly and they are willing to work all day for an American cigarette. They are a very religious people and I believe the missionaries have done a fine job. The enemy has made the missionaries prisoners of war, which I think is a pretty low trick.

(CONTINUED ON PAGE 105)



"Agriculture, manufactures, commerce and navigation, the four pillars of our prosperity, are the most thriving when left most free to individual enterprise."

Thomas Jefferson
1801



Member Federal Deposit Insurance Corporation

A. C. Insvooc, president
North Dakota Bankers Association
Grafton



Whatever You Need in Banking

Anywhere

ONE hundred and thirty-two years of experience in domestic banking—through 6 major wars—along with experience in operating branches abroad for 30 years, equip National City to help American banking and industry in planning post-war reconversion and expansion here and abroad.

National City was the first to enter the overseas field; a leader in offering small loans to individuals and little businesses; and in adapting banking to changing conditions.

With its long background of practical banking knowledge, plus the advantages of close association with correspondent banks throughout the world, National City today is serving many of the country's largest industries as well as hundreds of thousands of individuals and small businesses.

In addition, all National City branches offer the services of the City Bank Farmers Trust Company—chartered in 1822. It conducts only a trust business—the care and management of the property of its clients.



THE NATIONAL CITY BANK OF NEW YORK

Head Office · 55 WALL STREET · New York

CITY BANK FARMERS TRUST COMPANY

Head Office · 22 WILLIAM STREET · New York

Uptown Office: Madison Avenue at 42nd Street

Brooklyn Office: 181 Montague Street

Information may also be obtained through any branch of The National City Bank of New York

Members Federal Deposit Insurance Corporation

Active Overseas Branches of The National City Bank of New York

| | | | | | |
|---|--|--|--|--|---|
| ARGENTINA Buenos Aires Flores (Buenos Aires) Plaza Once (Buenos Aires) Rosario | Pernambuco Santos Sao Paulo | COLOMBIA Bogota Barranquilla Medellin | Caibarien Cardenas Manzanillo Matanzas Santiago | MEXICO Mexico City | Caguas Mayaguez Ponce |
| BRAZIL Rio de Janeiro | CANAL ZONE Balboa Cristobal | CUBA Havana Cuatro Caminos (Havana) Galiano (Havana) La Lonja (Havana) | ENGLAND London 117, Old Broad St. 11, Waterloo Place | PERU Lima | REPUBLIC OF PANAMA Panama |
| | CHILE Santiago Valparaiso | | INDIA Bombay | PUERTO RICO San Juan Arecibo Bayamon | URUGUAY Montevideo VENEZUELA Caracas |



Some folks think that wild Indians still roam the plains of Kansas. But this is the only kind of "Wild Indians" you'll find in Wichita.

Country Bank WITH MORE THAN \$108 MILLION RESOURCES

Amazing? It's more than that. It's significant. It shows what a Country Bank can do when it teams up with the country it serves . . . when an institution can match in vision and industry the natural resources that "country" has to offer.

Tremendous things have come to pass socially, economically, industrially, since

the friendly, industrious Wichitas gave the White Man a name for his lusty town at the confluence of the two Arkansas rivers nearly a hundred years ago. These latter-day Indians are also the promise of greatness to come in the fulfillment of which The Fourth National Bank in Wichita is playing a leading part.

THE FOURTH NATIONAL BANK

IN WICHITA

Douglas at Market
MEMBER FEDERAL DEPOSIT



Wichita 1, Kansas
INSURANCE CORPORATION

MAIN
"Wh
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MAIN STREET—Continued

"When we want food all we have to say is, 'Fellow boy, getum master man K. K. (food)—master man givum fellow boy smoke.'"

Big Berthas

From *Out of the Mailbag*, we pick up a bit of news from EDWARD W. MALO, RM 1/C, employee of the Continental Illinois National Bank and Trust Company, Chicago:

"New sectors generally bring new experiences, and our first tour of duty at our newly assigned spot was not lacking in that. It seems that the Fuehrer had a Big Bertha concealed behind the hills. Can you remember how loud the Berthas can speak?

"It looked for a time as though she insisted on carrying on a conversation with us at short range, but our little ship was faithful and refused to have anything to do with her. Two shells fell about 25 yards short of our stern, but good old 691 just shook like a South American doing the rumba and passed it off. I'm quite sure poor Old Bertha spoke once too often, for we received reports that one of our airmen finally gagged her.

"Sometime later a German 'E' boat ventured close enough to be trapped between two other ships, ourselves and the shore. It was out of our range, leaving us nothing to do but watch an English 'can' (destroyer) ram it at 30 or so knots, cutting it in two. Our part in the whole thing came next morning when we were detailed to transfer the survivors from the destroyer to another ship. Of the seven survivors, six were Italian fascists."

Wing and a Prayer

Second Lieutenant WILLIAM HAROLD DOBSON, former teller of the Tracy-Collins Trust Company, Salt Lake City, Utah, recently had the experience of bringing his giant Flying Fortress home "on a wing and a prayer" from a raid on Ploesti, Rumania. While cruising in to land at his Italian base, the lieutenant discovered that his left landing gear was knocked out. He ordered the crew to prepare for a crash landing. With the field alerted and ambulances and fire fighting apparatus standing by, the plane came in. "The left wing stayed up," said Lieutenant DOBSON in a letter to his family, after guiding the huge craft down gently as if it were a normal landing, "until we lost most of our speed. Then it dropped to the ground and we did an easy ground loop." Aside from the tension, and a little shake-up



N. D. SALISBURY,
president
Utah Bankers Association
Logan



BENJAMIN N. PHILLIPS,
president
Washington Bankers
Association
Port Angeles



at the impact, the crew escaped without a scratch and the Fort was undamaged.

The lieutenant entered the Air Force September 26, 1942, received his wings July 28, 1943, at Albany, Georgia, and

began his overseas service March 6, 1944.

He is a graduate of East High School and a former student at the University of Utah.

Yours for the asking...

A COLOR SOUND FILM

"WAR ON WASTE"



BANKERS interested in profiting by employee suggestions are invited to borrow our color sound film picturing the economies in time, machines, and materials resulting from our own Suggestion Box Plan. The film takes thirty minutes to show. Seen by your officers and employees, it may suggest new ways for effecting economies in your bank operations.

THE NORTHERN
TRUST COMPANY

CHICAGO 90

Pin Ups

Bankamerican PAUL MARBLE, of Westwood Village, California, now stationed in the Aleutians, stirred up a pleasant sort of rivalry which delights fellow GI's on the world battlefronts. PAUL dropped a hint to the editors of *The Bankamerican* that pin-ups are a favorite pastime in the forsaken North. The idea blossomed forth in the next issue of the employee journal in the form of a sweetheart contest, with dozens of comely bankerettes vying for honors.

Now more than 3,200 employees in France, Italy, India, the South Pacific and other fronts are having a hey day choosing staff pin-ups and sweethearts. The daily mail brings an assortment of votes from LST crews, pilots, seamen, and GI's.

Vintage—Yesterday

JOHN HAUF with the Army in Italy tells his buddies at the First Wisconsin National Bank, Milwaukee, how it feels to be a "liberator."

C. L. Moss,
president
Idaho
Bankers
Association
Weiser



"LET 'ER GO!"

Over the telephone he directs the firing of big guns on one of the fronts. This is a vast war and communications are vital.

So the telephone industry's manufacturing capacity has had to be devoted almost exclusively to producing electronic and telephone equipment for our armed forces. That explains why there are delays in filling orders for home telephones.

All of us in the telephone business are grateful for your fine spirit of co-operation in this war emergency.

BELL TELEPHONE SYSTEM



Please try to keep the Long Distance circuits clear from 7 to 10 each night for the service men and women.



THE BIG GUNS START BOOMING WHEN THE SECTION CHIEF OF A CANNON COMPANY GIVES THE ORDER TO "FIRE"

"In most of the cities and places we've gone through conditions were deplorable. It seemed like they were all attending a hard time party. They have plenty of money, but can't buy anything for it. They seem possessed with one idea—to accumulate as much money as possible. The natives sold meals to the soldiers at extravagant prices. They asked 65 cents for one fried egg, and for two sunny sides and a few french fries \$1.40. Steaks were anywhere from 65 cents to \$1, but they were from stray dogs. We also had the opportunity to buy wine usually watered with some strong element like kerosene. You may doubt it, but the fact was proven by the Army laboratories.

"I sure wish I could speak the native tongue. I'm lost when they talk to me. I recently acquired two good Italian-American dictionaries, so when anyone speaks to me I tell them to wait and I look it up. At least I can now boast of knowing some of the more common words."

Decorated

According to *Number Eight*—employee publication of the National City Bank of New York—Pfc. BOB ALRY, fighting Marine, fresh from Bougainville, blew in on his investment reorganization department friends one day this Summer and regaled them with stories of the battle of Torkina Point, for which his regiment received the Presidential Citation.

Bob, as the story goes, waded ashore right into blazing machine gun fire from 22 Jap pill boxes. He saw his buddy killed alongside him and had a knife duel with a Jap who plunged into Bob's fox hole. Needless to say, somebody joined their honorable ancestors.

The Final Sortie

I. W. ASHBURN, JR., former member of the Trust Department, Wachovia Bank and Trust Company, Winston-Salem, North Carolina, joined the Air Forces about a year ago. After the usual period of training he was commissioned as a bomber pilot, which he dubbed (CONTINUED ON PAGE 108)

Like adding experienced help in your **TRUST** Department!

● WE can't actually supply you with more workers . . . but even better, we can develop and install the records and administrative controls that will enable your present staff to get more work done, smoothly and efficiently. Perhaps only a few record-keeping improvements are all that is needed . . . the "Fact-Power" of Kardex Visible Record Control, or a Variadex Filing System for greater speed and accuracy. Maybe a general review of your

operating system in the light of the newest labor-saving methods is in order. In either case, our wealth of experience in working with the officials of large and small institutions is at your disposal. We are prepared to make recommendations and assume full responsibility for installing all Trust Department systems, methods, machines, office furniture and equipment. An interview will gladly be arranged through our nearest Branch Office.

● Typical of the completeness of Remington Rand Systems service is the Trust Department of the Genesee County Savings Bank, Flint, Michigan. Records and procedures for every phase of Trust Department activity were designed, installed and turned over to the bank with all necessary equipment, ready for operation.



● Above is the Trust Department Accounting Office, for which Trust Department tickets, investment records, security records, journal sheets, trust ledgers and synoptic records and various other forms were developed by Remington Rand technicians. The view at left shows Remington Rand furniture in one of the private offices of this department.

COPYRIGHT, 1944

SYSTEMS DIVISION
REMINGTON RAND
BUFFALO 5, NEW YORK

"K. O. Katy" in honor of his wife, Katherine, also a former Wachovian.

For some time now BILL has been doing regular bombing missions, operating from a base somewhere in Italy. His missions have been quite successful. But not long ago, his friends were shocked at a report which listed the "K. O. Katy" as shot down over Germany. As fate would have it, BILL was back at his base in sick bay, unable to accompany his ship on its final sortie. By now, BILL probably has another roaring monster, likely named the "K. O. Katy II," and is back on the job.

Tour of Duty

T/Sgt. MILLARD W. REYNOLDS, former teller of the Hamilton National Bank, Chattanooga, Tennessee, recently awarded the Distinguished Flying Cross, Air Medal and three oak leaf clusters for 25 bombing missions over Poland, France, Belgium, Norway and Holland, probably knows as well as anyone just what the purchase of War Bonds means to the success of the Allied invasion of Hitler's European fortress.

As a member of "The Dull Tool," B-17 in which he helped soften up the Nazis for invasion forces, Sgt. REYNOLDS served as radio operator and aerial gunner on some of the most important

missions over Germany, including the blasting of Germany's great ball-bearing center, Schweinfurt, from which some 60 bombers never returned.

After completing 23 missions in "The Dull Tool," he changed to another ship and saw his old plane shot out of the skies on its next mission. On another occasion, a rocket exploded about 50 feet from his plane and sent a splinter through the heel of his shoe. Toward the end of his tour of duty, bomb fragments wounded four members of the crew, including the pilot. Thanks to the copilot, the plane limped back to base.

Sgt. REYNOLDS recently visited his home town, dropped in at the bank, renewed old acquaintances. He reports to Miami for rehabilitation and reassignment. Good luck, Sergeant.

People You Know

The Indiana Bankers Association has endorsed CHARLES B. ENLOW, president of the National City Bank, Evansville, for the vice-presidency of the American Bankers Association. Mr. ENLOW has been active in the A.B.A. for many years and at present is a member of the Research Council. He recently acted as chairman of successful A.B.A. membership drive in southern Indiana.

WILLIAM B. GLADNEY, chairman of the A.B.A. Insurance and Protective Committee, has been made president of the Fidelity National Bank of Baton Rouge, Louisiana. He had been executive vice-president since 1938. Mr. GLADNEY succeeds W. L. WARD, Sr., who has been made chairman of the board. W. LEROY WARD, JR., is the new executive vice-president.

FRANCIS J. AMER was recently appointed vice-president and trust officer of the National City Bank, Cleveland.

BERNARD F. MARTIN, formerly vice-president in the trust department of the Chase National Bank, was recently elected executive vice-president of the Irving Savings Bank, New York City.

Dickinson College, at Carlisle, Pennsylvania, recently conferred the honorary degree of Master of Arts on JACOB C. KLINCK, president of The Kings County Savings Banks, Brooklyn, New York.

H. L. AUSTIN, formerly assistant trust officer of the Third National Bank of Nashville, has been appointed trust officer of the Old National Bank, Evansville, Indiana.

(CONTINUED ON PAGE 110)



THINGS TO COME

ALTHOUGH we are not going to wake up the morning after peace is declared to a new and different world, there are going to be new and different things... and one of the first to have a profound influence on post-war living will be television.

And just as plans for introducing a television set in every home are being crystallized now by the nation's product-designers, London and Lancashire is preparing to meet post-war insurance problems and needs with complete coverage to give the Protection people will require more than ever.

THE London & Lancashire GROUP

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK STANDARD MARINE INSURANCE COMPANY, LTD. (FIRE DEPARTMENT) LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA





He looked death square in the face!

What does *he* think of the Red Cross? He could tell us plenty of what that organization has done for him. At best, it wasn't any fun for him over there. No days off, no relaxation—just going on and on—cold, dirty and damp—tired and hungry. Suddenly, out of nowhere, up would pop a Red Cross clubmobile bringing hot coffee and doughnuts, personal supplies and a touch of home to him and other American troops in the mudholes.



That particular night, when he was wounded, he *knew* that he looked *death square* in the face—you can feel those things. But the blessed blood plasma eventually brought him back. And during his convalescence Red Cross workers made his life more cheerful by writing his letters for him, providing recreation, and by easing the worry over his personal problems. The Red Cross? It's the symbol of life in the midst of death.

This is the seventh of a series of advertisements dedicated to the American Red Cross by

THE HOME INSURANCE COMPANY, NEW YORK

FIRE • AUTOMOBILE • MARINE

MAIN STREET—Continued

RAY E. WISE, treasurer and general manager of the Peoples Bank of Dayton, Ohio, has been named president to succeed WILLIAM F. GRIESER, who retired recently after 10 years of service.

JAMES A. JACKSON, formerly a partner of Lazard Freres & Company and a vice-president of the National City Bank of New York, has been made president of the Continental Bank & Trust Company, New York City. FREDERICK E. HASLER, board chairman, who had also

been president since 1942, will continue in the former office.

F. E. WALLACE, the new Massachusetts Commissioner of Banks, got his banking experience in Boston where he was associated at various times with the State Street Trust Company, the Morris Plan Bank, and Webster & Atlas National Bank. At one time he was in charge of credits in the Buenos Aires branch of the First National Bank of Boston.

LT. S. G. KINGSTON has been elected vice-president of the Citizens Bank,

Stevens Point, Wisconsin. LT. KINGSTON is at Camp McCain, Mississippi.

ELBERT E. MOORE has been elected president of the Louisiana National Bank, Baton Rouge, succeeding the late W. P. Barnes. He had been vice-president and cashier. ELBERT A. SOWAR was made executive vice-president and trust officer.

The Commerce Union Bank of Nashville, Tennessee, has elected as directors EDMUND W. TURNLEY, W. C. BAIRD and STIRTON OMAN, Nashville business men.

NEIL M. BUCHEN, for 15 years on a staff of the Chief National Bank Examiner, Seventh Reserve District, has been elected cashier of the Industrial National Bank of Chicago. He succeeds ROBERT N. VIERACKER, now auditor of the bank.

HARVEY G. BROWN, assistant cashier and secretary of the Bank of Kodiak, Alaska, is on leave of absence, serving with the Army "somewhere in Alaska." Mr. BROWN wrote "Banking Up Kiska Way," published in the June 1943 issue of this magazine.

BENDER E. GILBERT, director of public relations, Erie County Savings Bank, Buffalo, New York, was recently named vice-chairman of the Erie County War Finance Committee.

HENRY J. COURT, World War II veteran, has been named assistant vice-president in the banks and bankers department of Bank of America, Los Angeles headquarters.

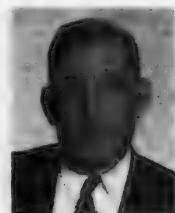
JAMES E. SHELTON, chairman of the executive committee and vice-president of the Security-First National Bank of Los Angeles, recently celebrated his 25th year with the bank.

P. C. ROBERTSON, vice-president of the Title Guarantee and Trust Company, New York, was recently honored by his associates at a dinner given in observance of his 50 years of service to the institution.

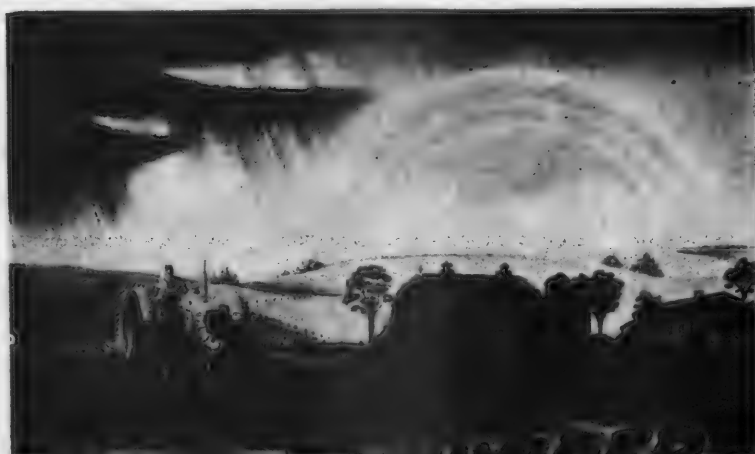
(CONTINUED ON PAGE 112)

Mr. Robertson

Mr. Shelton



BANKING



THUNDER AND THE Rainbow!

Throughout the ages . . . to most men . . . thunder has meant either gentle rains or storm and destruction. But always . . . man's fears have been tempered by the knowledge that along with THUNDER generally comes rain, to water the thirsty earth.

The storm of war that broke over Pearl Harbor staggered a nation caught unprepared. Out of this tragedy came a rekindled spirit, a willingness to sacrifice, a unity of purpose that welded the people of America into a formidable fighting force.

The storm of war beats heavily even on the American farmer, the best equipped farmer in all the world. He works through its fury, producing the Food for Freedom.

In due time every farmer will want to equip his farm with the most efficient modern machinery. Freed from war-time duties of making war material MM will direct ALL* its resources to work with the farmer as in the past, supplying him with modern machinery to help him raise crops at lower cost . . .

TO SPEED THE DAY OF VICTORY . . . BUY WAR BONDS NOW—AND MAKE YOUR VICTORY GARDEN A PRODUCER.

*MM produces all the tractors and farm machinery allowed under government limitation orders for which materials can be obtained.



Care for your farm machinery for your country.

MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY

MINNEAPOLIS 1, MINNESOTA, U. S. A.



WARNING !

...he's breaking loose again

Look who's on the rampage again—our old enemy, the Fire Demon. Last year fire destroyed more than 380 million dollars worth of property, a higher toll than in any year since 1932.

Let's put the Fire Demon back in his chains where he belongs. Confine him! Make it impossible for him to ravage our country—block our war production program by destroying factories, homes and lives.

You yourself can help weld together the broken links that are letting the Fire Demon loose. You can do it by the thoughtful application of common sense fire-prevention methods in your home and place of business. If you want helpful fire-prevention information, write the National Board of Fire Underwriters, 85 John Street, New York 7, N. Y., and specify the type of property you want to protect. And consult your insurance agent or broker.

Above all make certain of the adequacy of your fire insurance in these days of increased values.



Will YOU be THE ONE out of twelve?

Think of twelve people you know, including yourself. Chances are that within the coming year one out of the twelve will be disabled, temporarily or permanently, due to accidental injuries. You can face the statistics with more peace of mind if you're in-

sured under a Hartford "Fashioned" Accident policy. It contains a schedule of many coverages—from which you select the ones best fitted to your needs, your occupation and your circumstances. It's a new kind of accident policy, tailor-made to your requirements.

Speaking of "Hemispheric Security"

Hartford Residence and Outside Theft insurance covers the luggage you'd carry to travel in Brazil, or the War Bond left at home in Michigan! Protects against robbery, theft or mysterious disappearance in trains, buses, taxicabs, automobiles, hotel rooms, temporary dwelling—anywhere in the western hemisphere.



Looking for a Bright Future?

For the individual who wants to "make a name for himself" . . . insurance offers exceptional rewards to those who bring to it integrity, imagination, the ability to think straight and a willingness to work hard. Such individuals can and do progress and prosper and command the respect of the communities they serve.

Any changes in your insurance needs —since December 7, 1941?

Few indeed have escaped decided changes in their mode of living and the value of their properties since Pearl Harbor. Insurance needs have likewise changed—ask your Hartford agent or broker to survey your insurance hazards, check them against your present insurance and recommend changes and additions necessary to fit your protection to present day conditions.



Right! He wants you to write

This is to remind you of the letter you've been intending to write to that service man—the boy who worked with you who's now flying from a bomber base in Britain on cross channel missions—the neighbor's boy now getting tossed around in a destroyer. Maybe there are three or four letters you "just haven't gotten around to." How about writing them now?

What's back of the Hartford Stag?

Back of the Hartford Stag on your insurance policy is a 134-year record of financial strength, a well-earned reputation for prompt, fair payment on all just claims. Many generations of Americans have safely put their confidence in this familiar symbol of sound protection.



HARTFORD INSURANCE

Hartford Fire Insurance Company
Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company

Hartford, Connecticut

Writing practically all forms of insurance except personal life insurance

MAIN STREET—Continued

SHELDON F. GOLDTHWAIT, formerly of Lynn, Massachusetts, has been named executive vice-president of the Bar Harbor (Maine) Banking & Trust Co.

PETER O. KNIGHT, JR., principal organizer of the Exchange National Bank, Tampa, Florida, 50 years ago, was recently elected chairman of the board to succeed the late A. C. LEWIS.

WILLARD W. WILSON, who has been trust officer of The Cleveland Trust Company, is now a vice-president.

Chancellor O. C. CARMICHAEL of Vanderbilt University and W. M. PARISH, president of Keith Simmons Company, Nashville, have been elected directors of The American National Bank, Nashville.

In recognition for his long and distinguished service as a citizen of Washington, D. C. the faculty council of the George Washington University Beta Chapter unanimously nominated JOSHUA EVANS, JR., for membership in the National Social Science Honor Society, Pi Gamma Mu. Mr. EVANS is vice-president of the Hamilton National Bank.

EUGENE L. VOSS has been made a vice-president of the Continental Bank & Trust Company of New York. He will supervise the bank's business in several states in the midwestern and northwestern territory.

Lt. COLIN MACLENNAN, USNR, attended the 1944 commencement of The Graduate School of Banking. Lt. MACLENNAN would have been a member of the senior class if still a civilian. Luckily he had a few hours between trains and was near enough so he could be present for he "wouldn't have missed it for anything." Lt. MACLENNAN hopes to finish his course and graduate when the war is over.

RAY L. WINSTEAD has been made assistant vice-president of the El Paso National Bank. He was formerly with the San Angelo (Texas) National Bank.

S. BARKSDALE PENICK, JR., president of S. B. Penick & Company, manufacturer of botanical drugs, is a new director of the Montclair (New Jersey) Trust Company.

Four new directors have been added to the board of the American National Bank at Miami. They are G. T. BAKER, president, National Airlines; PAUL H. BUHLER, treasurer, Miami Shipbuilding Corporation; C. B. CHINN, secretary-treasurer, Belcher Oil Company; and PAUL R. SCOTT, attorney.

ROBERT M. CATHARINE, president of the Dollar Savings Bank of New York, was elected on August 3 a member of the board of directors of the Bank of Manhattan Company, New York City. Mr. CATHARINE is vice-president and member of the executive committee of the Savings Banks Association of the State of New York, and chairman of Group IV.

SAMUEL STOCK, former president of the First National Bank, South Amboy, New Jersey, was recently elected vice-president of the Public National Bank of New York City.

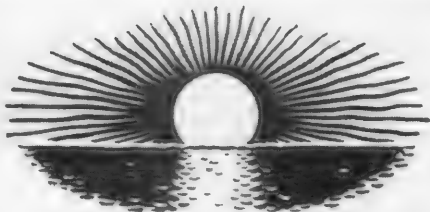
Mr. Catharine



Mr. Stock



A WHOLE DAY SAVED on Collections and Returns



THIS BANK is one of the few in America operating a complete *night transit department*.

Special messenger trips based on the arrival and departure of mail trains and planes are made frequently during the night. Thousands of items from correspondent banks which can be speeded up by such handling pass in and out during the same night, usually saving a whole day's time.

Resourceful service beyond routine efficiency is one reason why this bank has become the largest depository in Ohio for other banks.

Our officers will be glad to furnish full information upon this and other services available to correspondents.

THE NATIONAL CITY BANK OF CLEVELAND

Euclid at East Sixth



and Terminal Tower

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

HOW TO UNITE Scattered Factories



FRUEHAUF TRAILERS DO IT FOR THOMPSON PRODUCTS

SIX FRUEHAUF TRAILERS . . . working continuously . . . literally form a "conveyor belt" between the plants of Thompson Products, Inc., in Cleveland.

Thompson has six factories scattered over a 5-mile area in the industrial section of the city . . . plus the huge new Thompson Aircraft Products plant on the outskirts. And, with volume exceeding 100 million dollars a year, there's a lot of material to be handled . . . an average of 2½ million pounds a month to be exact.

Maintaining precise schedules, the Trailers keep material flowing smoothly between the plants. In addition, they handle depot distribution of finished parts . . . over 90% of which leave Cleveland by motor freight.

Thompson officials will tell you that without the speed and flexibility of Trailer hauling, they could never have attained the record production which has won them the coveted Army-Navy "E". In their case . . . as in thousands of others in more than 100 different kinds of business . . . Truck-Trailers are doing work that couldn't be done as well, if at all, by any other method.

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER COMPANY • DETROIT

Service in Principal Cities

Buy War Bonds



Fruehauf Trailers
Engineered Transportation

TRUCK-TRAILERS *Carry Big Loads*



Finished parts are stacked on skids and loaded on a Fruehauf Trailer. Load weights range up to 16 tons . . . average about 10 tons . . . yet they're pulled by trucks which are designed to carry only a fraction of that weight. The Truck-Trailer hauls 6 skids . . . trucks alone previously carried only two. The second Trailer is being loaded with processed parts about to go to another plant for finishing operations. The loaded bins weigh up to 1500 pounds each . . . and 22 of them ride in one Trailer.

MANEUVERABILITY *A Big Asset*



To reach certain loading docks in the Thompson plants, the Trailers must squeeze up narrow alleys that couldn't be negotiated by ordinary trucks of considerably less capacity. Hinged-in-the-middle, a Truck-Trailer turns in the same radius as the short-wheelbase truck which pulls it. In fact, at one of the Thompson docks, the vehicles—measuring 30 feet in length—completely turn around within a 25-foot circle. This maneuverability in tight places also means ease of handling in congested city traffic.

"SHUTTLE SYSTEM" *Saves Time and Money*



The truck backs in with an empty Trailer . . . "drops" it . . . then couples on to a loaded Fruehauf . . . and immediately starts off on another trip. During loading and unloading, only the Trailers stand idle. The trucks are on the road pulling other Trailers to their destinations. This means fewer trucks are needed—because each is working constantly. And tie-ups of trucks and drivers, during loading and unloading, are eliminated.

Record Keeping by Small Business

SAMUEL P. JOHNSTON

MR. JOHNSTON, now retired, was founder and president of Johnston-Ayres Company, oldest advertising agency on the Pacific Coast. He was also one of the founding members of the American Association of Advertising Agencies, and is a past president of the San Francisco Advertising Club. He continues to live in that city.

HE HAD thoroughly learned a trade in Europe as an apprentice for 10 years. When he grew up, he came to America.

A master workman, he had little difficulty finding employment, and after 20 years started a small business for himself. He had worked hard and saved sufficient capital to buy second-hand

tools and equipment. That was 30 years ago.

He worked long, hard hours in the shop, turning out useful articles and charging low prices. The product was satisfactory to the customers, who came back for more, and told others. In this manner his small business was built.

Could not that small business, of which there are thousands, have grown into a large one, had different methods been used? In the first place, the product was good, served the purpose, was satisfactory to users and was sold at a low price—but he didn't know the unit cost.

Economic conditions changed, during those 30 years, wages were higher or lower, materials cost more or less—he lived in a changing world—but he never knew the unit cost of his products.

IN the long years our small business man made a profit one year and lost money the next; his selling price remained the same. He'd buy a quantity of material, and when it was gone he'd buy more, never knowing how many units of his product it had produced.

There was no stock room or order department, no requisition signed by a foreman or superintendent, no record kept of purchases or receipt of materials. When the boss or a workman needed any material, he went and got it.

They would work some hours or days producing a quantity of the product, or parts of the product—no record was kept—they simply worked. When the product was finished, it was wrapped and delivered; no receipt taken from the truckman, none from the customer.

A charge was made in duplicate, original mailed to the customer, duplicate put on a file. At the end of the month, the charge slips were segregated, and the total for each customer posted to his account. Then a statement enumerating the respective dates and amounts of the purchases was sent to the customer.

When checks came in they were deposited in the bank, credited to the accounts, that was all. If the customer deducted a discount for cash, the amount of the account was credited in full; no record of cash discount was kept. The main thing was to fill orders.

When an order came in, no record was made—the boss or the foreman knew
(CONTINUED ON PAGE 116)



Production Lines are Battle Lines

WAR-TIME BANKING SERVICE

adapted to the requirements

of Correspondent Banks

in serving a Nation at war



BANKERS TRUST COMPANY

NEW YORK

Member of the Federal Deposit Insurance Corporation

Friendly ★ ★ ★ MODERNIZATION

NEW LOW TYPE BANK COUNTERS BY **LeFEBURE**
CORPORATION



AFTER MODERNIZATION ★

Compact — Uniform — Faster — Modern

Here are the modern low-type "FRIENDLY" Counters which provide for additional tellers and encourage a friendlier relationship between bank and customer. Right now is the time for banks to investigate the new low-type counters to replace old high barred cages. Consult LeFEBURE Corporation for expert assistance in making your remodeling plans.

**SHOWING NEW LOW-TYPE
FRIENDLY COUNTERS**



AFTER MODERNIZATION ★

Never the Appearance of a Vacant Cage

LeFEBURE Low-Type Friendly Counters provide convenient accommodations for more tellers without increasing the floor space formerly occupied by fewer tellers. The purpose of these new low-type counters is two-fold . . . first, to attain compact uniformity, and second to bring the bank into the open where customers may discover that it is made up of human beings intent on rendering friendly service.

**SHOWING TELLERS' UNITS BACK OF
LOW-TYPE FRIENDLY COUNTERS**

The LeFEBURE Corporation will be represented at the American Bankers' Association Wartime Conference in Chicago on September 24 to 27 inclusive. Bankers interested should see our representatives at the Convention.

LeFEBURE CORPORATION

Manufacturers

CEDAR RAPIDS, IOWA, U.S.A.

Record Keeping by Small Business

(CONTINUED FROM PAGE 114)

and remembered instructions—the time required to fill the order might be a week or six weeks—but reliance on a retentive memory was thought sufficient.

The whole matter of record-keeping was considered unimportant. For instance, the amount of unpaid accounts for 30, 60, 90 or more days was unknown. What the ratios of the respective cash, such as materials, wages, rent, telephone, taxes, delivery, bore to the total sales were unknown.

However, since 1942 the company had recorded weekly, the hourly wages, number of dependents of each worker, and the many things required by the Internal Revenue Bureau, and additionally the state.

Single entry bookkeeping, of a kind, was the sole entry made.

No inventory of materials on hand was ever taken—if the sum of the items (cost of materials, wages, expenses, etc. etc.) equalled or exceeded the total of

the sale there was no record to show it.

There was absolute honesty and eternal hard work—no vacation, no relaxation, just plugging away year after year at never-ceasing hard work.

Question: How can the small business man better his condition—if at all?

Question: Are we drifting toward the condition in the sea, where the big fish eat the little ones?

Question: Is the old-fashioned, independent American of our fathers fading?

A capitalist told this writer he dreamed of organizing a corporation, composed of his friends, with this end in view: they wanted to see the city prosper and believed that if the small business man could be taught the use of system (no connection whatever with the trade in which he was engaged) the result would be of benefit to the city, as well as to the small business man.

He knew about certain wealthy and well-to-do men who furnished small capital without interest to a group of poor men to aid them in making a start for themselves.

The net annual loss was trivial, the results most satisfactory throughout a number of years. In the great majority of cases the amounts lent had been paid back, and small businesses started.

He realized there was danger in making the plan too professorish, too expert accountantish. The purpose was to develop a simplified method, easily understood by the small business men who might be first-class mechanics, but never having learned anything about record-keeping systems.

His idea was to begin in a small way; make mistakes small; learn to creep before walking. Set up one "school" with a practical staff teaching the rudiments of accounting to grown men—not an easy undertaking.

If this first "school" proved to be a success, then start another, then another—the small business men students doubtless would want to pay a small fee or dues, so feel independent, never accepting charity or a dole. Let the understanding be that the advantages to be derived are not solely to the "student," but eventually the whole community would reap benefits.

Now and following the war, thousands of skilled mechanics, each with a little capital, will want to start in business.

In this way, then, your town as well as mine, can plan for the future.

This year the employee says he wants the afternoon off to see his grandfather play third base.



Make sure your Insurance is keeping abreast . . .

Wheels are turning all over the world as the great forward movement of our armed forces rolls on toward ultimate victory. Property values, too, are marching forward with the times, leaving vulnerable exposures behind to trap the unmindful. If your responsibilities include the maintenance of sound protection, whether as custodian, owner or creditor, it will pay you to consult your Home Town Agent about these changing conditions. Representing old line capital stock companies like Fireman's Fund, he helps preserve the Right to Feel Secure.

STRENGTH • PERMANENCE • STABILITY



Fire • Automobile • Marine • Casualty • Fidelity • Surety

FIREMAN'S FUND GROUP

FIREMAN'S FUND INSURANCE COMPANY
HOME FIRE & MARINE INSURANCE COMPANY
WESTERN NATIONAL INSURANCE COMPANY

FIREMAN'S FUND INDEMNITY COMPANY
WESTERN NATIONAL INDEMNITY COMPANY

SAN FRANCISCO • NEW YORK • CHICAGO • BOSTON • ATLANTA

DIRECTORS

EDWIN M. ALLEN
*Chairman, Mathieson
Alkali Works, Inc.*

EDWIN J. BEINECKE
*Chairman, The Sperry &
Hutchinson Co.*

EDGAR S. BLOOM
*President, Atlantic, Gulf and
West Indies Steamship Lines*

LOU R. CRANDALL
*President,
George A. Fuller Company*

CHARLES A. DANA
*President, Spicer
Manufacturing Corp.*

HORACE C. FLANIGAN
Vice-President

JOHN M. FRANKLIN
New York City

CHARLES FROEB
*Chairman, Lincoln
Savings Bank*

PAOLINO GERLI
*President,
E. Gerli & Co., Inc.*

HARVEY D. GIBSON
President

JOHN L. JOHNSTON
*President,
Lambert Company*

OSWALD L. JOHNSTON
*Simpson Thacher &
Bartlett*

CHARLES L. JONES
The Charles L. Jones Company

SAMUEL McROBERTS
New York City

JOHN P. MAGUIRE
*President, John P. Maguire
& Co., Inc.*

C. R. PALMER
*President, Claett, Peabody
& Co., Inc.*

GEORGE J. PATTERSON
*President, Scranton &
Lehigh Coal Co.*

HAROLD C. RICHARD
*Chairman, General Bronze
Corporation*

HAROLD V. SMITH
*President, Home
Insurance Co.*

ERNEST STAUFFEN
Chairman, Trust Committee

GUY W. VAUGHAN
*President, Curtis-Wright
Corporation*

HENRY C. VON ELM
Vice-Chairman of the Board

ALBERT N. WILLIAMS
*President, Western Union
Telegraph Company*

MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business
June 30, 1944*

RESOURCES

| | |
|--|---------------------------|
| Cash and Due from Banks | \$ 368,368,496.12 |
| U. S. Government Securities | 974,290,789.40 |
| U. S. Government Insured F. H. A. Mortgages | 6,530,344.91 |
| State and Municipal Bonds | 17,533,081.85 |
| Stock of Federal Reserve Bank | 2,220,300.00 |
| Other Securities | 19,769,300.74 |
| Loans, Bills Purchased and Bankers' Acceptances | 375,174,898.52 |
| Mortgages | 13,324,729.61 |
| Banking Houses | 11,950,030.67 |
| Other Real Estate Equities | 1,525,508.08 |
| Customers' Liability for Acceptances | 3,230,573.68 |
| Accrued Interest and Other Resources | 3,723,012.86 |
| | \$1,797,641,066.44 |

LIABILITIES

| | |
|---|---------------------------|
| Preferred Stock | \$ 8,009,920.00 |
| Common Stock | 32,998,440.00 |
| Surplus and Undivided Profits | 50,048,133.78 |
| Reserves | 7,319,482.17 |
| Dividend on Common Stock (Payable July 1, 1944) | 824,959.50 |
| Dividend on Preferred Stock (Payable July 15, 1944) | 200,248.00 |
| Outstanding Acceptances | 3,455,769.15 |
| Liability as Endorser on Acceptances and Foreign Bills | 392,521.15 |
| Deposits | 1,694,391,592.69 |
| | \$1,797,641,066.44 |

*United States Government securities carried at \$288,299,475.67 are pledged to
secure U. S. Government War Loan Deposits of \$262,947,302.25 and other public
funds and trust deposits, and for other purposes as required or permitted by law.*

Principal Office: 55 Broad Street, New York City

68 BANKING OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

Member Federal Reserve System

Member New York Clearing House Association

Member Federal Deposit Insurance Corporation

*Both Common and Preferred shares have a par value of \$20 each. The Preferred is convertible
into and has a preference over the Common to the extent of \$50 per share and accrued dividends.*

War's Impact on U. S. Banking Abroad

(CONTINUED FROM PAGE 41)

foreign countries. Sixty-six of these offices were direct branches of the parent bank, three were branches of a subsidiary, the International Banking Corporation, and one was a foreign subsidiary, the National City Bank of New York (France) S. A. Forty-four of the offices were in Latin America, 18 in Asia, and eight in Europe.

By December 31, 1943, the bank was operating only 38 banking offices in 13 foreign countries, all direct branches.

The I. B. C.'s two branches in Spain were closed in 1941, the business being taken over by Banco Hispano-Americano, and although the I. B. C.'s London branch is still legally in existence, any business with the public is done through the National City Bank's London branches. The war closed three other European offices (the French subsidiary, the Belgian branch and the Italian branch), and 17 of the 18 offices in Asia (all except the Bombay branch). The other offices closed were two of the

11 Cuban branches and one of the two branches in Panama. The six branches in the Dominican Republic were transferred as of October 27, 1941 to the Banco de Reservas de la Republica Dominicana.

By the end of 1943, some 26 of the National City Bank's American staff who were captured by the Japanese had been returned to this country, leaving 20 still interned in the Philippines and China, some of these having their wives and children with them. The bank's 38 branches in Latin American countries are active both in facilitating trade between these countries and the United



BANCO DE CREDITO DEL PERU

HEAD OFFICE: LIMA

Capital S/.14,000,000.00

Reserves S/.20,865,778.46.

*Consult us for Prompt and Reliable
Information about Peru*

Through our 36 Branches situated in the most important commercial centres, and our Agents in all other towns in the Republic, we are in close touch with every phase of economic activity in Peru, and thus are well equipped to render helpful service to all American institutions interested in Peru.



Peru's Oldest National Commercial Bank

Established in 1889

GEOGRAPHIC DISTRIBUTIONS OF AMERICAN BANKING OFFICES ABROAD, JUNE 30, 1939 AND DEC. 31, 1943

| Country | No. of Offices in Operation | |
|-------------------------------|--------------------------------|-----------------|
| | June 30 1939 | Dec. 31 1943 |
| <i>Europe</i> | | |
| Belgium..... | 5 | |
| Denmark..... | 1 | |
| England..... | 20 | 13 |
| France..... | 12 | |
| Germany..... | 3 | |
| Greece..... | 2 | |
| Holland..... | 2 | |
| Italy..... | 35 | |
| Spain..... | 2 | |
| Switzerland..... | 4 | 4 |
| Total..... | 86 | 17 |
| <i>Latin America</i> | | |
| Argentina..... | 9 | 9 |
| Brazil..... | 4 | 4 |
| Chile..... | 2 | 2 |
| Columbia..... | 3 | 3 |
| Cuba..... | 18 | 16 |
| Dominican Republic | 6 | |
| Mexico..... | 1 | 1 |
| Panama and Canal Zone..... | 8 | 7 |
| Peru..... | 1 | 1 |
| Puerto Rico..... | 7 | 7 |
| Uruguay..... | 1 | 1 |
| Venezuela..... | 1 | 1 |
| Total..... | 61 | 52 |
| <i>Asia and Rest of World</i> | | |
| China..... | 12 | |
| Egypt..... | 1 | |
| India..... | 6 | 2 |
| Japan..... | 4 | |
| Manchuria..... | 2 | |
| Philippines..... | 1 | |
| Straits Settlements.. | 1 | |
| Total..... | 27 | 2 |
| Grand Total | 174 | 71 |

States and in serving customers locally, as well as in financing the purchase of essential war materials for the U. S. Government.

In 1939, the Chase National Bank of the City of New York operated 14 foreign branches, nine directly and five through its subsidiary, the Chase Bank. The bank had three branches in London, four in Panama and Canal Zone, and one each in Havana and San Juan, while the subsidiary operated two in Paris and three in China. The bank has not been able to communicate with its subsidiary's branches since December 1941. The Hongkong, Shanghai, and Tientsin branches were taken over by the Japanese, and by the end of 1943 some 14 of the staff had been repatriated while two officers and nine employees remained prisoners. When the Paris offices came under the control of German authorities, a temporary office was set up in the then unoccupied zone of France at Chateaufort-sur-Cher, but this was subsequently taken over by the Germans.

While all five foreign branches of the subsidiary have been closed by war, the Chase National Bank's nine direct branches have continued in very active operation. During 1943 the three Lon-



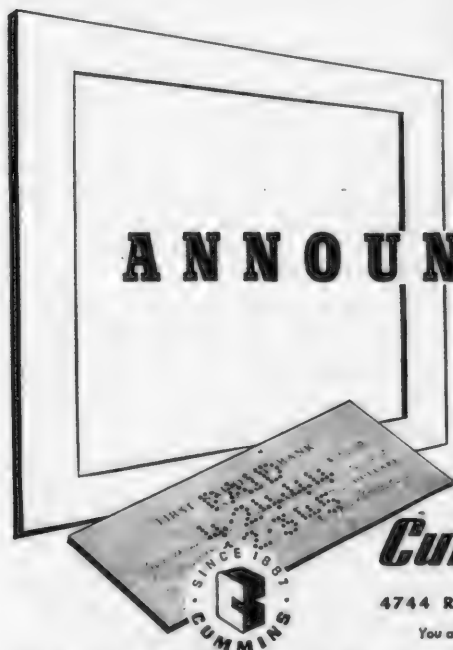
Sergio Osmena, new President of the Philippines, seated, with Supreme Court Justice Robert H. Jackson who swore him in

don branches became extraordinarily active in serving the special needs of American military personnel and governmental agency staffs; the Berkeley Square branch, because of its location, developed into the principal banking center for Americans in the British capital, and alterations were made to equip this branch to meet their many

requirements. The deposits of the two Canal Zone branches and the demand for their services expanded sharply with the wartime influx of Army, Navy, and civilian construction groups, and the San Juan, Puerto Rico, branch also benefited from providing banking facilities for members of American military forces stationed there as well as for defense contractors and their staffs. The two Panamanian branches and the Havana, Cuba, branch have experienced business increases in line with the general activity throughout Central America and the Caribbean, particularly since increased transportation facilities have been moving sugar and other staple crops to wartime markets.

IN THE case of two national banks there has been no change in the number of foreign branches. The First National Bank of Boston continues to maintain its 11 foreign offices, a large branch with five sub-branches in Havana and another with four sub-branches in Buenos Aires, and the Bank of America, N. T. & S. A., San Francisco, still operates its London branch.

In the state bank and trust company group, the Guaranty Trust Company of New York has had to close six of its eight foreign branches because of the



ANNOUNCEMENT

The War Production Board has authorized manufacture of a limited number of Cummins Check Cancelers, Endorsers and Signers. Delivery of these units will be contingent on an approved WPB Form 1688. Write us for details and WPB forms.

Although Cummins Production Lines are engaged in manufacture of vital gun and plane parts, it will be possible to manufacture a limited number of replacements . . . also machines that are essential for the handling of an increased volume of business.

Cummins Perforator

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You are cordially invited to visit our exhibit at the A. B. A. Convention in Chicago

PERFORATORS • CHECK ENDORSERS • CHECK SIGNERS

war: the two French branches, the two Belgian branches, and two of the four branches in England. The Central Hanover Bank and Trust Company of New York closed one of its two foreign branches, which were both in London, and on May 24, 1941 the Empire Trust Company, New York, closed its only foreign branch which it had established back in June 1913. The foreign branch of the Bankers Trust Company of New York continues in operation in London.

J. P. Morgan & Co., which, in 1939, was organized as a private bank operating under Article IV of the Banking Law of the State of New York, had minority interests in Morgan Grenfell & Co., Limited, in London and in Morgan & Cie., a French partnership at Paris. The firm was incorporated in March 1940 as J. P. Morgan & Co., Incorporated, and succeeded to the interest in the London banking house. Although some steps were carried out toward taking over the interest in the Paris house, it was not possible to consummate this owing to events in France due to the war following soon after the incorporation of the New York firm.

The American Express Company, Inc., which is authorized by its charter to exercise all the powers of a foreign

banking corporation, as well as to engage in the express and freight forwarding business and to carry on the operations of a travel agency, had 36 regular banking offices in 12 foreign countries when World War II began in 1939. In addition, the company was operating 14 other offices in 12 foreign countries doing a limited type of banking business and 17 more offices (all in South America) which were strictly travel offices with the exception of the offices in Rio de Janeiro and Buenos Aires which under government regulation did a foreign exchange business and bought and sold travelers cheques and money orders.

By the end of 1943, the company's net of foreign offices had been reduced to seven regular banking offices (two in England, four in Switzerland and one in Bombay) and two limited banking offices (a subsidiary in Glasgow and a branch at Cairo). With the outbreak of the war, the company voluntarily closed many of the offices in what is now enemy and enemy occupied territory.

Transamerica Corporation possessed a subsidiary bank in Italy when World War II began; it owned 90.58 per cent of the capital stock of Banca d'America e d'Italia with head office at Milan and 27 branches throughout the Kingdom of Italy. In 1942 Transamerica Corpora-

tion was advised that its Italian subsidiary bank had been sequestered by the then Italian Government, and no further information had been received by May 1944 as to the bank's present status.

AMERICAN companies are showing an active interest in post-war developments abroad, and the experience and knowledge gained from years of operation abroad by American banks will be an asset of increasing value and usefulness to American business. Thus the National City Bank of New York has been making many surveys of markets and industry in the various Latin-American countries and its branch officers abroad and those returning to the United States advise with interested customers on the conditions and opportunities prevailing in foreign areas. Other American banks experienced in operating abroad are doing likewise. With the coming of peace, we may expect a reopening and extension of American banking offices abroad to aid American business. But any movement in the way of hasty and ill-advised expansion, as in the war and post-war boom period a quarter of a century ago, is not anticipated. American foreign banking has developed a generation of experience since World War I; it has come of age.

"No
"Not
slowe
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homo
Victo
dust

"Up
magn
"Livi
top-fl
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and p
"My
walki
west


M
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Orders Roll in for

ACOUSTOR *Noise Control* **CABINETS**

BANKS, COMMERCIAL HOUSES

INDUSTRIAL FIRMS ORDER AND REORDER



NOISELESS NOISE

I wouldn't have a business machine without an Acoustor Cabinet. It keeps the office manager, the Phone Plant or Reception Desk, the typist, the fluorescent lighting, the glass or vacuum, the standard office office green. Equally effective whether you have one machine or several.

● When you soften noise, business machine operators not only post more figures accurately each day but customers approve the blanket quietness.

One survey, recently completed, proves that operators use 19% less energy and general health of all employees improves when you have quiet instead of racket.

The Acoustor Cabinet fits any standard make of business machine. Placed in position in a couple of minutes, the Acoustor positively shuts out nerve-shattering noise forever, because it absorbs noise at the source. No expensive remodeling necessary.

9 out of 10 office managers who try one Acoustor cabinet as an experiment, order additional cabinets.

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PROMPT SERVICE

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650 MARSHALL ST. • YOUNGSTOWN, OHIO

"Not a day lost in years . . .

"Not a day, George, that bad weather has even slowed us down. No blizzards, no floods, no extremes of temperature to lower production and sap morale.

"We figure that Metropolitan Oakland Area's mild yet stimulating climate ups our production per man hour 15 per cent over our eastern plant.

"Many of our workers live within walking distance of the plant. Use of electricity and natural gas instead of coal for fuel keeps the air fresh and clean, so neat little homes with lots of flowers and Victory Gardens are handy to industrial sections.

"I'm going to read this letter of Pete Stannard's at the Board meeting tomorrow."



Many thousands of our residents enjoy from their windows and patios views like this . . . and rolling hills and quiet valleys and sunny farmlands. No other community offers such a rare combination of scenic residential and industrial advantages.

150 nationally-known manufacturers have plants here. This huge war industries center also manufactures many diversified lines. Mild yet invigorating climate. Most favorable living conditions. Many workers live only a few minutes walk from their jobs.



"Up in the hills, only 20 minutes or so from work, are other modest homes with magnificent views of the great Bay and wooded hills and lovely canyons.

"Living's more fun out here, George. What eastern industrial center can stage a top-flight golf meet in January? Then there's year 'round hiking and riding over hundreds of miles of trails, there's fishing and yachting, swimming and tennis, and mile after mile of huge natural parks.

"My boy's a senior at U. C., the largest university in the country, almost within walking distance, and my daughter is a freshman at Mills, finest woman's college west of the Mississippi. High schools and grammar schools are of the best, too."



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Metropolitan Oakland Area is at the heart of the amazing industrial New West, most favorably located for manufacturing and low-cost distribution to the 11 Western States. Write us your requirements and we will compile a *Confidential Special Survey* directly applied to your problems. "You'll Find It Here!", in full color, previews the scenic and residential attractions of Metropolitan Oakland Area. "Facts and Figures" tells of its amazing growth and industrial importance and gives data and statistics. Write for these free booklets today.

3427

METROPOLITAN OAKLAND AREA

388 Chamber of Commerce Building

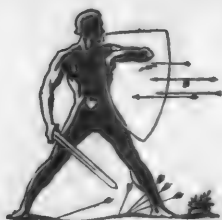
Oakland 12, California

The NATURAL Industrial Center of the NEW West

ALAMEDA • ALBANY • BERKELEY • CHERRYVILLE • HAYWARD • LIVERMORE • OAKLAND • PIEDMONT • PLEASANTON • SAN LEANDRO • SEVERAL COMMUNITIES OF ALAMEDA COUNTY

Mainland Gateway to the
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SECURITY



INVISIBLE ARMOR

To much of a world at war, security is

but a word. But for the American bank or business, the protection provided by NATIONAL SURETY Bonds eases wartime tensions.

Planned protection, which covers every phase of the risks of modern bank or business operation, works for you day and night.

National Surety Bonds are sold by your local agent or broker. He is an independent business man who knows your local conditions and your local problems as well as insurance. He can serve you best.

NATIONAL SURETY CORPORATION

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NEW YORK, N. Y.

FIDELITY BONDS • BLANKET BONDS • BURGLARY AND FORGERY INSURANCE



The
**PUBLIC
NATIONAL
BANK**
*and Trust Company
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*Our borrowers like this
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GEARED to your needs

Many Personal Loan Departments, familiar with every type of life insurance coverage for their loans, find that Old Republic insurance is best suited to their needs. As a pioneer in this specialized field, Old Republic provides a comprehensive service, geared to your requirements. Details of the Old Republic plan have been carefully worked out to make the insurance advantageous to the borrower, to his family and to your bank.

**OLD REPUBLIC
CREDIT LIFE INSURANCE COMPANY**

309 W. Jackson Blvd. Chicago

September 1944

The Doctor's Deposit

(CONTINUED FROM PAGE 37)

the trained bank man had seen at once that the portrait on the \$1,000 bills was that of Jefferson, instead of Cleveland, and on the \$500 bills that of Lincoln, instead of McKinley.

What was the German doctor trying to put over?

The two Secret Service agents who promptly appeared soon found out. They took the doctor into a quiet room and got his whole story. A couple of supplementary phone calls to well-known New York physicians corroborated parts of his account, quickly established his professional standing, and brought assurances that he would be given whatever assistance was necessary. There could be no doubt about it: the good doctor was no crook. He was telling them the simple truth.

"You see," they told him after they had finished their investigation and called the bank official back into the room, "these bills aren't what they seem to be."

"They are then," the Doctor asked anxiously, "what you call — counterfeits?"

"No, they're genuine bills all right," they answered. "Only they've been raised. It's a beautiful job, too. We call it the scratch method. You should have investigated the bird who sold you these bills more carefully. He knew what he was doing, all right."

"One does not investigate the Gestapo," the Doctor replied rather stiffly. "Besides, one of the men was my friend. But come, if the money is good, only not of that amount, how much is it, my deposit?"

"You mean just how much did your good Gestapo-official friends give you for your \$5,000-worth of marks? That's right, isn't it, a \$1,000 bonus for these \$4,000 face-value bills — not counting all the other money for fixings?"

"That is right. How much of my \$4,000 American money is genuine?"

"It's all genuine, only it's not \$4,000. That's why it pays to know the right faces on these bills; it's what they're for. Now look: the Jefferson portrait is never anywhere except on a \$2 bill. The crooks very skillfully scratched the two's out and changed each one into \$1,000. Here. See? And they raised each \$5 Lincoln bill to \$500. So instead of \$4,000 you have three \$2 notes and two \$5's. Exactly \$16."

**SEE BIG POSTWAR DEMAND
FOR MIDWEST FARM OUTPUT**



**Headlines today
continually show
tomorrow's need
for good banking
contacts in Iowa,
center of U. S.
food-production.**

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COMPANY**

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Member Federal Deposit Insurance Corp.



Ration Bank Accounts for OPA

THE opening of ration banking accounts for gasoline by Office of Price Administration district offices, local boards and mailing centers, commencing August 15 and due to be completed by September 20, was the first step in OPA's plan for improvement in the control of ration "currency."

OPA offices will issue ration checks against accounts instead of issuing gasoline certificates to dealers, as previously.

By giving the offices direct access to the ration banking service, a large number of forms now used by those offices can be eliminated, and considerable simplification of the ration banking program will be achieved.

"It is expected that the OPA ration bank account plan will shortly be extended to include all commodities in the ration banking program," said the announcement of the gasoline plan.

Although the OPA hopes that the rationing program can be ended soon after victory, it believes that every effort should be made to improve and perfect the procedures as long as it exists. A new Division of Ration Banking Currency headed by Louis J. Kroeger, formerly executive officer for rationing, is undertaking to coordinate all operations relating to the control of ration evidences, or ration "currency."

Opening ration banking accounts for gasoline, and other commodities in the future, by OPA offices is only one part of the program. Mr. Kroeger forecast some of the other developments to be expected at a recent meeting in New York under the auspices of the Ration Banking Committee of the American Bankers Association. The following other prospective changes in ration banking were given:

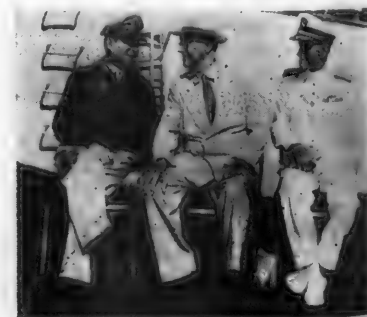
(1) Addition of some retailers of gasoline to the ration banking account classification.

(2) Revision of the cut-offs, whereby more of the smaller retailers in some lines would be eliminated from necessity of carrying ration banking accounts. In revising cut-off lines it is hoped that they can be expressed in ration point value rather than dollar volume.

(3) Revision of the Ration Banking Manual, bringing it completely up to date, and putting it in a form that can readily be kept up to date.

(4) Giving ration exempt agencies, such as the Army and Navy, ration banking credits so that their accounts will not be on an overdraft basis, but their checks will be drawn against deposit credits. This will simplify bank accounting and eliminate what some have called extension of "deficit financing" for the Government to rationing.

President Roosevelt with General MacArthur and Admiral Nimitz during the President's recent visit to Hawaii



PRESS ASSOCIATION
BANKING



Oklahoma's Greatest Crop Year!

Nothing like the wheat crop just harvested has ever been produced in Oklahoma. As estimated August 1, the yield is 85,414,000 bushels, nearly twice the ten-year average.

But wheat is not alone as a record-breaker. Corn is estimated at 33,522,000 bushels—more than 26% over the ten-year average. Cotton is estimated at 740,000 bales—almost double last year's yield. Other crop production will show tremendous gains.

Cash farm income in Oklahoma this year may easily exceed \$450,000,000—a purchasing power which will be felt for a long time to come.

We invite your inquiry, or that of your customers, for information in connection with their post-Victory plans for this state.

U. S. Dept. of Agriculture
crop estimates quoted



FIRST NATIONAL BANK
AND TRUST COMPANY
OF OKLAHOMA CITY

OKLAHOMA'S OLDEST AND LARGEST BANK



B-29 Superfortress—Official U. S. Army
Air Force Photo

PROTECTION

that promotes real Security

**FIDELITY, SURETY AND BANKERS
BLANKET BONDS; BURGLARY, ROBBERY,
FORGERY AND GLASS INSURANCE**



FIDELITY AND DEPOSIT COMPANY
of Maryland . . . Baltimore, Md.

WITH WHICH IS AFFILIATED THE AMERICAN BONDING COMPANY OF BALTIMORE

A Job for the Dollar Abroad

(CONTINUED FROM PAGE 40)

Among these, it is hoped, will be a continued vigorous prosecution of the trade agreements program, with tariff concessions on our part opening the way for larger purchases of goods which could be imported with special advantage to American consumers. Perhaps even more important in its effect will be a greater dependence on foreign raw materials. Domestic resources of several essential materials are now threatened with depletion. Copper, lead and zinc are among the resources so menaced, while the best grade iron ore is being rapidly exhausted, and the adequacy of petroleum reserves is uncertain. Practical necessity, as well as a due regard for the nation's future strategic interests may well cause the United

States to import a greater part of its requirements of such materials.

Of the same general nature as these imponderables is the question of post-war American shipping policy. In the table of import expenditures shown above it will be noted that payments to other countries for shipping amounted to \$509,000,000 in 1929 and \$366,000,000 in 1937. What will these payments—a very important item in the balancing of the international payments of maritime nations—amount to in the

post-war future? Foreign shipping which carried slightly less than half of the commerce of the United States in 1931 was handling 77 per cent by 1939. But this trend will be reversed if Admiral Land's fleet of 15,000,000 to 20,000,000 tons is to become a major factor on the high seas. Such a development, however economically and strategically sound, would throw a fresh burden on the exchanges of countries specializing in this particular form of service. Great Britain doubtless would be the chief sufferer, since her ships carried 40 per cent of all ocean-borne traffic before the war. Fees received for this service paid for 10 per cent of her imports.

But there is another question mark overhanging post-war foreign trade which transcends any and all of these potential changes in the behavior of individual items in the international ledger account. This question mark has to do with the basic approach to such trade. In an article entitled "The Road to Bretton Woods" in the August issue of "Banking," the author noted that while the situation in the field of foreign exchange will be much the same at the end of the present war as it was after World War I, the problem will be different. This, he observed, is because, unlike a quarter of a century ago, when nearly everyone agreed on the desirability of the restoration of the gold standard, today there is no such unanimity of opinion on the solution of the problem. This is equally true with respect to the broader problem of foreign trade.

THE only thing that can be said with any assurance on this point at the present time is that while the late 40's may not resemble the 30's in the extent to which disorder and even chaos will obtain in trade and exchange, the period will certainly resemble the earlier one with respect to government intervention. How far that intervention will go and what form or forms it will take, it is too early to say, but no less an authority than Amos E. Taylor, director of the Bureau of Foreign and Domestic Commerce, recently declared:

"Whatever the character of the world's trading systems after the war and whatever ultimate developments may be, the relationship of the United States to world economy after this war will no doubt reflect changes as significant as was the shift from debtor to creditor a quarter of a century ago. . . ."

Center of the agitation for a policy of nationalistic controlled foreign trade is paradoxically, Great Britain, for a cen-

(CONTINUED ON PAGE 134)



BUSINESS and industry of the Chicago area, wholeheartedly devoted to the work of winning the war, are also building for the peace to come. It has been our privilege, as a business-minded bank, to assist many of these companies both in meeting the changing requirements of war and in far-sighted planning for peace.

Many correspondent banks have found our broad experience to be helpful to them in connection with similar service to customers in their own areas. Possibly we can be equally helpful to you.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON

Member Federal Deposit



Insurance Corporation

OUR BUSINESS IS TO HELP BUSINESS

...In Your Post-War Planning

**YOU NEED NOT GO FAR TO FIND
AN AGENT OF ONE OF OUR COMPANIES**



and

YOU WILL NOT GO WRONG

*in consulting
with him...*

When in New York pay a visit to
American Surety's Diamond Jubilee
Exhibition, 12th floor, American
Surety Building, 100 Broadway, N.Y.

AMERICAN SURETY COMPANY (Since 1884)
100 Broadway, New York

NEW YORK CASUALTY COMPANY (Since 1890)
100 Broadway, New York

CANADIAN SURETY COMPANY (Since 1913)
Toronto, Canada

CIA. MEXICANA DE GARANTIAS, S.A. (Since 1913)
Mexico City, Mexico

Vital Statistics of Small Business

At the Summer meeting of the Post-War Small Business Credit Commission of the A.B.A. discussion was directed to the life and mortality of small businesses. Here is some information on the subject.

UNFORTUNATELY, business vital statistics are meager. Although Dun & Bradstreet has compiled data for over 75 years, its data are not adequately segregated. The Temporary National Eco-

nomie Committee included in its reports studies on business births and deaths. Its findings are informative, but not conclusive. The Bureau of the Census has abundant information relating to business establishments, but practically none relating to the life-expectancy of business establishments.

More recently, the Old Age and Survivors Insurance of the Federal Security Agency, and more particularly the Bu-

reau of Foreign and Domestic Commerce of the Department of Commerce, have addressed themselves to the determination of facts in connection with natality and mortality of business enterprises.

These are a few of the sources of information on business vital statistics. It is to be regretted, however, that no two sources of information are in agreement on inclusions and exclusions of data, nor are they in accord as to bases on which are founded the compilations. These differences of approach create confusion, and, in some instances, improper comparisons as well as conclusions of doubtful value.

On some of the broader aspects of business vital statistics, there is substantial agreement. Today the number of active commercial and business enterprises in the United States is almost five times the number of concerns in operation in 1870-74, years ago. The climb in the number of active concerns in the 60-year period, 1870-1930, was uninterrupted except for five years.

The first break came in 1877 when there was a drop of slightly over four per cent in the number of active business establishments. The second break covered a three-year period, 1894, 1896 and 1897, when the decline was slightly over 11 per cent. The third break was in 1918 and was a mild decrease of 1.4 per cent. It is of interest to note that after a steady 11-year climb in the number of active concerns, in 1929 the number reached an all-time high.

The 14 years which followed, from 1930 to date, are a period which tells a different story. The fourth break covered four years, from 1930 through 1933. This break was reflected by an 11.3 per cent decrease in the number of operating concerns. The fifth break and last, our present one, started in 1940 and has continued to the present time. This break has been much more violent than any previous one and to date shows a decline of about 15 per cent.

It will be observed that only percentages have been cited and no numbers given. Authorities generally are in agreement on the extent of the fluctuation expressed percentage-wise, but are not in agreement on the number, because authorities use different bases for definitions as to what constitutes an active business enterprise.

(CONTINUED ON PAGE 130)

CENTRAL to the West Coast

Wherever your interests touch the West Coast, Anglo Bank can serve you well. Our San Francisco head office, our network of branches throughout the Great Central Valley, our long-established relationships from Seattle to San Diego provide a unified and complete service of long experience.

This is Anglo Bank's 71st Year

Main lobby,
Anglo Bank
head office



America's Third Largest Sales Area

Only two marketing areas in the United States surpass the Pacific Coast states in retail sales volume.

The increasing importance of this entire territory merits special consideration.



Head Office:

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Oakland, San Jose, Bakersfield,
Chico, Hanford, Lemoore,
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Member

Federal Deposit Insurance Corporation
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Burroughs Leads . . .

BURROUGHS *FIRST* INTRODUCED

Electric Operation
Motor-Returned Carriage
Keyboard Calendar Feature
Year Dates
Automatic Check Count
Front-Feed Carriage
Full-Width Journal
Automatic Balances
Overdraft Lock



in bank accounting machine developments

Burroughs developed the first bank posting machine, thereby satisfying an important bank need. Improved machines and new features have constantly been developed to meet new requirements, and to speed up the efficient handling of checking account records. Today, as always, Burroughs bank accounting machines are beyond comparison . . . are in universal use.

Burroughs anticipates bank needs—and develops suitable machine improvements. Continuous association with the banking business . . . plus the close cooperation of bankers . . . makes this progressive policy practicable.

Only the leader can work in this way; only in this way can leadership be maintained, in the future—just as in the past—Burroughs will lead.

1st
Burroughs
IN MACHINES
IN COUNSEL
IN SERVICE

VITAL STATISTICS—Continued

In round numbers the Department of Commerce data show 3,000,000 establishments in operation in 1939, whereas the Dun & Bradstreet figure is 2,100,000. It is almost impossible to reconcile accurately this difference. For instance, Dun & Bradstreet considers a chain store corporation with 50 retail outlets as one individual enterprise, whereas the Department of Commerce in its figures records each of the 50 outlets as separate establishments. If, for instance, this chain store corporation were to close 10 of its retail outlets, but otherwise

remain in operation, Dun & Bradstreet would not record these 10 closures, whereas the Department of Commerce would.

There are many other differences in the preparation of data, and for these reasons important care has to be exercised in using data developed by different authorities. The Department of Commerce claims a shrinkage in the number of establishments of about 500,000 from Pearl Harbor through the end of 1943, whereas Dun & Bradstreet places the decrease at 312,000 for commercial and industrial business enterprises through June of 1944.

If the Department of Commerce figures are used as the basis of computation we find, according to an article in the *Survey of Current Business*, July 1944 issue, that of the approximately 3,000,000 business enterprises in operation prior to the war, 30 per cent, or 1,073,000, closed their doors during the two-year period, and that during the same period, 572,000 new businesses were organized. This difference, which is about 500,000, represents the shrinkage in the number of active business concerns.

WHEN an enterprise is reorganized or when its ownership changes status, some authorities view each instance as a business birth on the one hand and as a business death on the other. The above figures do not include these changes of status.

However, during the above two-year period, 541,000 changes took place.

The altered status of our economy during the war, the shrinkage in the number of business establishments, the greater concentration in fewer concerns of the value of output will seek correction in the post-war period. No doubt there will be a marked increased natality, with the result that establishments will be organized without regard to the economic need. The undue loss of capital by entrepreneurs must be guarded against.—WILLIAM G. SHEPARDSON



X MARKS OUR PLACE IN YOUR POST-WAR PROGRAM

• The allies didn't wait until D-Day to perfect their invasion program. For months they planned the campaign in every detail, plotted every move, provided for every contingency—and as a result were able, at the proper moment, to strike with irresistible force.

• The same principle applies to your invasion of the post-war market. Every detail of your program should be perfected now to assure a quick start in what promises to be a hard and fast race for competitive supremacy.

• A sound post-war program must include not only products, plans and plant facilities but the cash required for re-tooling, advertising and all the other expenses you will be called upon to meet during the transition period.

• It is in this phase of your planning that we can be of genuine help. Our bank is staffed by friendly, courageous and forward-thinking men who have made a special study of post-war financing. They welcome the opportunity of submitting ideas, suggestions and a definite plan of action designed to provide you with the cash needed to finance your after-the-war program. The time to get in touch with them is NOW.

The **SECOND** national bank
of Houston
RESOURCES OVER SEVENTY MILLION DOLLARS
Member of the Federal Deposit Insurance Corp.

There are days in the office when a busy banker finds it hard to believe the telephone was once a convenience.

Definition of a prize fighter: A fellow who asks the other fellow how many lumps.

If you want to know how to vote right, believe everything each political party says about the other.

We are the folks our ancestors worried about. Well, you can't blame them.

The profiteer may be human, but to catch one would be divine.

A political bolt requires a good head.

Washington authorities announce that some food prices have declined. We presume they meant prices have declined to decline.

When the war is over and steaks are ration free, we suppose the newspapers will carry those stories again of babies born with well-developed sets of teeth.

HOMES BUILT OF
DOUGLAS FIR PLYWOOD
ARE GOOD INVESTMENTS



What do Buyers like most about a home

Dri-Built with Douglas Fir Plywood?

Perhaps design and layout are of first importance to the home buyer. But in the final analysis, construction details, durability, rigidity and tightness will decide whether the house is a good long-time investment . . . whether it will provide **lasting** satisfaction to the owner.

It can be occupied **sooner** after construction work starts. Because the various types and grades of Douglas fir plywood come in large rigid panels that

fit modern construction demands, builders work with smaller crews and often complete the house as much as six weeks earlier than would be possible with conventional materials.

Then there is the factor of attractiveness. Douglas fir plywood enables architects to plan a pleasing **modern** home—makes possible the full utilization of Douglas fir's **natural** beauty.

Douglas fir plywood helps build a sturdier, more durable home, too. Walls Dri-Bilt with plywood, for example, are as much as 40% more rigid than walls built with diagonal sheathing. This longer life means that a home Dri-Bilt

with plywood is not only a good original investment but an excellent **long-range** investment. With normal care it will retain its appearance qualities for many, many years.

Because of this, a plywood home is a home with a better-than-average **resale** value. Learn more about Douglas fir plywood Dri-Bilt method of construction. Write for information that will help you correctly evaluate this type of dwelling.

And remember. Because of its many advantages, Douglas fir plywood serves the war effort exclusively. When these essential needs lessen, it will again be available to help build tomorrow's **better** homes.

**DOUGLAS FIR
PLYWOOD**
LARGE, LIGHT, STRONG.
Real Wood
PANELS

Douglas Fir Plywood Association . . . Tacoma 2, Washington

"
I'm sorry
I invented
the pocket!"



IF I HAD KNOWN that some Americans would be using pockets to hold all the extra money they're making these days I never would have invented them.

POCKETS ARE GOOD places to keep hands warm.

Pockets are good places to hold keys...and loose change for carfare and newspapers.

But pockets are no place for any kind of money except actual expense

money these days.

The place—the *only* place—for money above living expenses is in War Bonds.

Bonds buy bullets for soldiers.

Bonds buy security for your old age.

Bonds buy education for your kids.

Bonds buy things you'll need later—that you can't buy now.

Bonds buy peace of mind—knowing that your money is in the fight.

Reach into the pocket I invented. Take out all that extra cash. Invest it in interest-bearing War Bonds.

You'll make me very happy if you do.

You'll be happy too.

"WAR BONDS to Have and to Hold"



BANKING

A Year of A-C-T-I-O-N

(CONTINUED FROM PAGE 57)

supervisors employed in approximately 400 banks have received instruction in 256 10-hour training programs.

10th anniversary session of The Graduate School of Banking at Rutgers University had 471 enrolments—230 freshmen, 121 graduates. Total graduates to date—1,253

Other A.B.A. Activities

Cooperation with Treasury Department in three War Loan campaigns

Cooperation with WPB in waste and scrap paper campaign

Cooperation with OPA in ration banking procedure

Intervention with Commodity Credit Association in re rules pertaining to financing of dry bean dealers

12 million annual reduction in premiums paid by commercial banks and trust companies in premiums on bankers' blanket bonds and \$70,000 or more for mutual savings banks

Modernized fire insurance policy adopted by New York State in 1943 has been accepted in 26 states

More than 90 bank crooks apprehended and majority brought to book by Association's agents

300 members were supplied bank advertising material; 1,800 banks are now regular annual subscribers to monthly services of newspaper advertisements and posters; 250 subscribers to new agricultural series

1,900 newspaper advertisements distributed in year in mat form; 21,000 posters for bank window and lobby use

4,000 banks were supplied with mats for special advertising campaigns

678,000 pieces of direct-mail material were ordered by banks

A. B. A. Library has had 4,775 inquiries, of which 57 per cent came from A. B. A. staff and 43 per cent from member banks and outside organizations; 3,412 items were circulated, including 885 G. S. B. theses; approximately 600 volumes were added to book collection; more than 600 pamphlets added to subject files

91 new A. B. A. members have been added since last September—there are 13 100 per cent membership states

A. I. B. nationwide blood donors program

10 talks for platform use

500 news releases, speeches and articles distributed to the press

Clinics, Conferences and Meetings

ASIDE from the meetings of the various sections and committees of the Association at the time of the annual wartime conference last Fall and the Executive Council meeting in the Spring, a partial

list of the meetings of several of the more active committees are included in the summary which follows. Some of these committees have met several times.

Committee on War Loans

Agricultural Commission, Food-for-Freedom Committee and Subcommittee on Agricultural Credit

Savings conferences in Chicago, Cincinnati, New York

13 membership clinics

Trust conferences in Chicago and New York

Committee on Treasury War Borrowing

A. I. B. Executive Council in Memphis.
A. I. B. wartime conference in St. Louis.
11 one-day A. I. B. regional chapter leaders' conferences

Credit Policy Commission

Subcommittee on Consumer Credit

Administrative Committee

Advisory Committee on Special Activities

Commission on Country Bank Operations

State Taxation Symposium

Graduate School of Banking alumni-faculty

Seven State Secretaries' regional conferences

Trust study conferences in 75 cities, in 43 states

Subcommittees of Committee on State Legislation

Committee on Banking Symbols

Committee on War Bond Redemptions

Your Atlanta Correspondent




...in the Post-War South

FULTON NATIONAL BANK

Atlanta, Georgia

MEMBER FEDERAL RESERVE SYSTEM FEDERAL DEPOSIT INSURANCE CORP.



Investors Mutual, Inc.

Prospectus on request from Principal Underwriter

INVESTORS SYNDICATE

MINNEAPOLIS, MINNESOTA

REPRESENTATIVES IN THE PRINCIPAL CITIES OF THE UNITED STATES

"I like MARCHANT because

to Multiply, I merely set in the amounts, copy the answer, and touch 'clear' key. Everything is electric and automatic ...and it's just as easy to divide, add, or subtract."



"My Boss likes
MARCHANT
because of its

20 Points of Superiority
including

**TRUE FIGURE DIALS FOR
ALL 3 FACTORS**

All 3 factors stand in full review upon completion of every Marchant multiplication . . . showing at a glance a complete dial proof of correctness, with each amount properly pointed off by decimal."



Deliveries according to WPB schedule.



Marchant Calculating Machine Company
Home Office: Oakland 8, California, U. S. A.
SALES AGENCIES AND MANUFACTURER'S
SERVICE STATIONS, GIVE SERVICE EVERYWHERE

A Job for the Dollar

(CONTINUED FROM PAGE 126)

tury the world's leading advocate of the free trade. Britain's conversion is by no means an entirely new development. The country may be said to have first cut loose from its free trade commitments as far back as March 1, 1932, when it adopted a definite protectionist policy. That has been implemented since by currency management, the Ottawa (imperial preference) treaties and encouragement of cartels. The government has also interceded in the foreign trade field by such devices as guaranteeing export credits.

Here in the United States, government officials have begun to take cognizance in their public statements of the trend toward state interference in trade by other countries, and to suggest the desirability of preparing to take counter measures. Philip Young, former assistant to the administrator of the Foreign Economic Administration, has urged that "the instruments of government" be used "to cope adequately with the situation and to insure the nation's full participation in world trade opportunities."

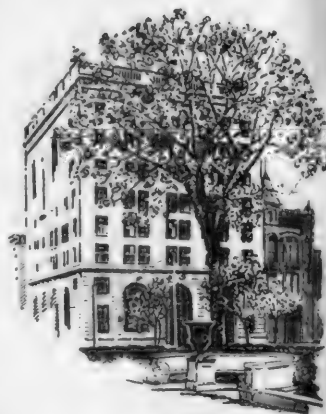
But it is not only the bureaucrats who are becoming infected with the virus of government-controlled foreign trade. The National Council of Importers announced a few weeks ago that it would support a joint resolution recently introduced by Senators Thomas, Kilgore and Truman calling for the establishment of a Foreign Economic Commission to make a study of such problems as foreign economic collaboration, exchange controls, and trade barriers.

The latest move by the Government in this direction has just been taken in the establishment under Dean Acheson of an Executive Committee on Foreign Policy. This group is authorized to look into the whole question of the relative roles that may, and should, be played by government, on the one hand, and private enterprise, on the other, in foreign economic relations.

These, then, are the principal problems and the principal uncertainties with which post-war foreign trade must cope. They are problems which, taken as a whole, constitute a profound challenge both to private enterprise and public statesmanship. On the manner of their solution rests the answer to whether we are to return to the trade jungle of the 30's or to build a new and more intelligent and more durable system of international commerce.

Twenty-four More Banks adopt

ThriftyCheck



Why have banks like the First National Bank of Madison, Wisconsin, and twenty-three other representative banks from California to Massachusetts, made ThriftyCheck their choice of no-minimum-balance checking plans during the past two months alone?

The increased cost for Post Office Money Orders has created a wider market for no-minimum-balance checking services, but there must be other reasons for the acceptance of this particular plan.

ThriftyCheck is the only no-minimum-balance checking plan that is sponsored by a firm which has specialized for more than a quarter of a century in building business for banks . . . in public relations, advertising and selling bank services to the public.

ThriftyCheck involves the least possible detail on the part of the bank; best serves the personal checking needs of the public, and at the same time cultivates to the fullest the excellent opportunities for goodwill development.

ThriftyCheck was originated in 1938 after two years' time devoted to careful study of the entire no-minimum-balance subject. Our original plan continues to attract new depositors, and no basic change or alternative plan has been necessary for banks to maintain good profits and volume business.

Prospects for ThriftyCheck service represent substantial citizens in every community, and such people naturally prefer the streamlined distinctive features of ThriftyCheck which make for dignity in keeping with the business of banking.

If you are looking for quality business in profitable volume, ThriftyCheck is the answer to your quest. Inquiries invited.

**BANKERS
DEVELOPMENT
CORPORATION**

31 Nassau St., New York 5, N.Y.

Thermopane

with the
BONDERMETIC SEAL

Puts extra value
in houses
designed with
*Daylight
Engineering*



4 important features of Thermopane

- ① **INSULATING AIR SPACE.** The layer of air inside the Thermopane units is hermetically-sealed at the factory. When desired, Thermopane also is made with three or more panes of glass.
- ② **BONDERMETIC SEAL.** This patented, metal-to-glass seal bonds the two panes of glass into one unit to prevent dirt and moisture from entering the air space.
- ③ **CLEAR VISION.** The dry air is sealed in with the patented bond to prevent frost or condensation from forming on the inner surfaces of the panes of glass.
- ④ **ONLY TWO SURFACES TO CLEAN.** The glass surfaces inside a unit are specially cleaned at the factory . . . and stay clean!

One feature that is sure to be a "hit" in postwar homes is the use of large windows.

Surveys of people who intend to build postwar point clearly to their desire for the extra daylight and the thrilling expansive outdoor views that big windows provide.

Now builders can plan to offer those larger window areas . . . plus an exciting, yet highly practical, new feature for homes.

It's Thermopane—the revolutionary new Libbey-Owens-Ford windowpane that insulates.

Thermopane permits extensive use of large glass areas, without worry about excessive heat transmission, whatever the climate. Thermopane will be an effective sales lever in postwar houses because it is one of those "better things"—one of those "startling home improvements" that house buyers will want.

Thermopane presents no unusual installation problem. It fits into a modified single sash, just like a single pane of regular glass—except that the rabbeting will be grooved somewhat wider for Thermopane's slightly greater thickness.

The insulating efficiency and advantages of Thermopane are explained in its four important features described at the right. For full information—such as insulating coefficients, sizes, thicknesses, types of glass and other data, write for our new Thermopane book. Libbey-Owens-Ford Glass Company, 1694 Nicholas Building, Toledo 3, Ohio.

WHEREVER VISION IS IMPORTANT
USE L-O-F Polished Plate GLASS



LIBBEY · OWENS · FORD

a Great Name in **GLASS**

The PCA'S Subsidy

(CONTINUED FROM PAGE 76)

states, with little groups scattered in most other regions except in the Rocky Mountains. PCA's in the range livestock country where loans are large and overhead expense per loan is low, have substantial earnings, and many have retired most of their government capital.

Most associations not now operating within their own "member-income" would probably find it possible to do so if the government subsidy were re-

moved, as has been strongly recommended. They could do it either by increasing their interest rates or service charges slightly, especially where they are conducting a high-cost type of credit service, or they could decrease their salary and other operating expense. In most cases, a combination of these remedies would be indicated. In other words, most PCA's could continue operating without subsidy—and

where a weak association liquidates, its territory would likely be assigned to a neighboring association. The main effect of discontinuing the subsidy would be to curb the zeal for expansion of unprofitable services. PCA's would then be on a more nearly equal basis with banks.

The most usual Farm Credit Administration argument for continuing subsidies is not that they are needed by the average PCA to help meet expenses, but that they are needed to build up reserves against future emergencies. As we have just seen, it is true that most of the subsidy income received is thus accumulated and is not being used for current expenses or losses. The principle counter argument must be, therefore, that banks are required to build up their reserve funds out of their own earnings and have a right to expect their competitors to be subject to the same requirement. If PCA reserves, which already totaled \$28,526,000 by the beginning of this year, were to be built up hereafter from non-subsidy income alone, there would probably be less of this income used for promotional work in areas already well served by banks.

Objective: Farm Ownership

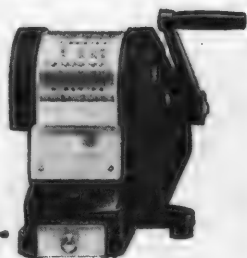
Farmers and bankers often miss the significance of the stock-ownership requirement for PCA borrowers. It is considered just one more nuisance of dealing with a "government agency." Yet the American Bankers Association is supporting the majority of the farm organizations in favoring complete farmer-ownership of the PCA's. The main difference between them perhaps is that the A.B.A. has advocated that the government subsidy be discontinued promptly instead of gradually.

If the only PCA capital were farmer-owned stock, these associations clearly would not be "government agencies." Legally, they are not government agencies now, but are often so classified because of the subsidy and excessive government capital. They are naturally referred to as government agencies because of the subsidy and the government control that naturally goes with it.

Defenders of the PCA subsidies do not fail to point out that the Government through the RFC helped to capitalize thousands of banks during the depression. In fact about 10 times as much stock and debentures has been purchased from banks as from PCA's by the Government. The crucial point overlooked, however, is the fact that banks have always been required to pay a substantial rate of interest for the use

SPEED Your Check Handling with Fast, Modern Equipment

IT'S available—the **American** way. We now can furnish all models of Check Canceling Perforators, Endorsers and Signers on a pre-war basis, including the newest types developed just before 90% of our operations were turned to critical war work. Write us for details and list of authorized distributors in all principal cities. We'll be glad to assist you in drawing WPB Form 1688—a necessary detail before delivery.



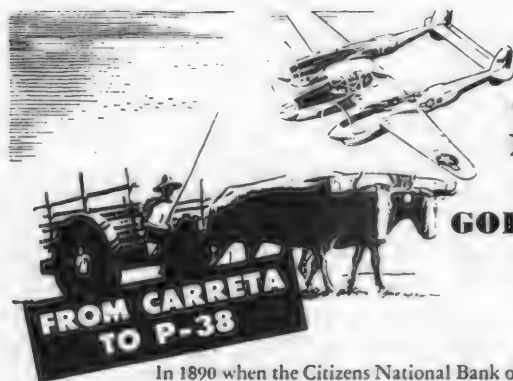
Latest Design in Heavy Duty Desk Model Check Canceling Perforator

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CITIZENS NATIONAL BANK GOES FORWARD WITH THE WEST

In 1890 when the Citizens National Bank of Los Angeles was founded, ox-carts still rumbled through the streets of West Coast cities. Now, the West Coast is taking tremendous strides in industrial and population growth. Citizens National Bank, with its 32 branches, complete banking service and an intimate, "family" knowledge of values and trends, is more than ever fitted to be your correspondent bank in the Los Angeles area . . . in Southern California.

MEMBER FEDERAL DEPOSIT
INSURANCE CORPORATION
HEAD OFFICE
FIFTH AND SPRING STREETS

CITIZENS NATIONAL BANK
TRUST & SAVINGS OF LOS ANGELES

of such government funds, whereas their competitors, the PCA's, have been asked to pay exactly nothing. The banks have therefore had a strong incentive to repay the Government's investment, while the PCA's have none.

The statement of position of the American Bankers Association, enunciated November 11, 1943 by President A. L. M. Wiggins, included the following recommendation in order that the PCA's might operate as sound business cooperatives without government domination: "Government capital should be returned by the Production Credit System to the Treasury, and pending such return a reasonable rate of interest should be paid thereon."

Studies now in progress should show how much government capital could be returned at once. If reasonable interest were paid on the balance, much progress would have been made in remedying the present unfair situation.

The post-war peace dove sounds to us now as if it will do more billing than cooing.

American communists seem to labor under the impression that everybody wants to die poor.

YOU MAY BORROW THIS DISPLAY . . . FREE!



This dramatic, human display may be borrowed by your bank for the asking.

Injecting a new note in the sale of War Bonds, this exhibit stresses the fact that the purchase of War Bonds saves lives . . . a sympathetic approach to increased Bond sales.

Sulfa! Plasma! Penicillin! Burn Treatment! These medical triumphs highlight news-reports of our war effort. Their story is dramatically told in copy and illustration on this exhibit.

You may show this display at your bank for a ten day period FREE . . . with the compliments of The Bayer Company. Entirely non-commercial, it was designed and built for the sole purpose of helping you help our country.

Only cost involved is Express Charges to you, (less than \$5). The display is 42" in height, 54" in width, 18" in depth and comes to you in one piece. No assembling or handling is necessary. Just send a letter or a postcard requesting the Bayer exhibit and we will make sure that your bank is included in the list of those who will receive it.

Please mail your request for the Bayer exhibit to:

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Seventeen years of specialized study in over 1300 commercial and savings banks have enabled us to develop the means by which this can be done.

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EXAMINATIONS

Serving the Leaders



New products, new materials, new methods, as sweeping as those that came with the war, will depend upon our banking institutions for realization tomorrow. It took money to make weapons and peacetime jobs will require financing too.

Industry, as usual, looks to the financial institutions of the country to be ready on V-Day for speedy assistance in putting today's drawing board plans into operation. Clear-headed planning by financiers as well as engineers will be needed for smooth conversion to peacetime production.

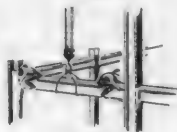
In giving security to the leaders of this famous lifeline of American Industry through the broad protection of our blanket bonds and other types of coverage, we are continuously "Serving the Leaders."

UNITED STATES GUARANTEE COMPANY

NEW YORK CITY



FIDELITY



SURETY



AUTOMOBILE LIABILITY



FORGERY



ELEVATOR AND
GENERAL LIABILITY



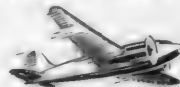
HOLD-UP



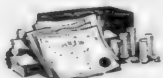
PLATE GLASS



MERCANTILE BURGLARY



AVIATION



BLANKET BONDS FOR
FINANCIAL INSTITUTIONS

FIDELITY SURETY CASUALTY

THE INDIANA NATIONAL BANK OF INDIANAPOLIS

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As war ends,
banks will find new and greater opportunities to aid business in the problems of peace. We are prepared and ready to serve you.

STATEMENT OF CONDITION • JUNE 30, 1944

RESOURCES

| | | |
|--|------------------|------------------------------|
| Cash on hand and on Deposit with Federal Reserve and other Banks | \$ 77,418,716.72 | } \$208,278,781.53 |
| U. S. Government Securities | 130,860,064.81 | |
| Other Bonds and Securities | | 23,754,630.50 |
| Stock in The Federal Reserve Bank | | 360,000.00 |
| Loans and Discounts | | 26,524,044.44 |
| Banking House | | 350,000.00 |
| Accrued Interest Receivable | | 651,201.56 |
| Other Resources | | 12,497.77 |
| | | <u>\$258,931,165.80</u> |

LIABILITIES

| | | |
|---|----------------|------------------------------|
| Capital | \$4,000,000.00 | } \$ 14,758,805.62 |
| Surplus | 8,000,000.00 | |
| Undivided Profits | 2,758,805.62 | |
| Interest, Taxes and Other Expenses Accrued and Unpaid | | 600,172.07 |
| Dividend Payable July 1, 1944 | | 70,000.00 |
| Deposits | | 244,471,980.63 |
| Unearned Discount | | 20,258.59 |
| Other Liabilities | | 9,938.89 |
| | | <u>\$258,931,165.80</u> |



Member of Federal Deposit Insurance Corporation

THE
PHOENIX-CONNECTICUT
GROUP
OF
Fire Insurance Companies

The Phoenix

Insurance Company, Hartford, Conn.

1854

The
Connecticut
Fire Insurance Co., Hartford, Conn.

1850

FOUTABLE

Fire & Marine Insurance Company

PROVIDENCE, R.I.

1859

ATLANTIC FIRE INSURANCE CO.

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MINNEAPOLIS F. & M. INSURANCE CO.

Minneapolis, Minn.

RELiance INS. CO. OF CANADA

Montreal, Canada



HARTFORD

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CHICAGO

Insurance Exchange

NEW YORK

110 William Street

SAN FRANCISCO

220 Montgomery Street

MONTREAL

485 McGill Street



All Forms of Fire and
Property Insurance including
Ocean and Inland Marine

Country-wide Brokerage Service

TIME TRIED & FIRE TESTED

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Select

The
WILLARD HOTEL

In The Nation's Capital

Its comfort, convenience and special services—smoothly and surely satisfactory—have accommodated the greatest of Washington's visitors, and are now a legend.

WILLARD HOTEL

Washington, D. C.

"Sit Down With Your Banker"

(CONTINUED FROM PAGE 36)

THE basis of bank credit—the "Three C's"—is explained, and the major role of confidence as a credit factor is stressed. Here again the necessity of keeping the banker fully informed, with balance sheets, income accounts, surplus changes and other periodic information about a business, is dwelt on. Good bookkeeping and accounting, as well as budgeting, are other components of the credit picture considered.

Brief descriptions of the principal types of loans banks can make give the business man an adequate outline of what services are available.

"No one form of credit," the handbook points out, "fits all cases and not all types of loans are available at every bank. Your banker will adapt his credit facilities to your individual requirements. When a banker is not prepared to furnish all the credit or types of credit that a customer needs, he may recommend other sources."

For businesses requiring permanent capital and long term credit the handbook offers suggestions as to how the banker can help. He will welcome the opportunity to cooperate in making plans, and will introduce his customer to "reputable investment organizations which may be able to suggest a type of security salable to investors and to make definite arrangements for the sale."

"With respect to public financing," the handbook comments, "it has often been said that the cost of new capital is excessive for small or moderate-sized companies. This apprehension may prove quite unfounded. When the cost of obtaining capital is allocated over a period of several years, the expense may prove to be comparatively moderate. When the outlook for earnings is sufficiently attractive, the cost of new capital should be within a reasonable limit.

"Every business enterprise which requires venture capital faces a severe handicap as a result of the present burden of taxes on business enterprises and on those individuals who normally provide a large share of such capital.

"Whatever the equities of the matter, there is no question but that the laws have prevented many enterprises from obtaining capital. After the war there will be large amounts of savings in the hands of business and individuals. Much of this capital should become available for investment in expanded enterprises, but how soon this development comes about will depend on enactment by Congress of sound laws. . . ."

FIRST SECURITY CORPORATION

System of Banks

*Complete, Efficient
Correspondent Service
in the Intermountain Territory*

FIRST SECURITY BANK OF UTAH

National Association
WITH EIGHT BRANCHES

FIRST SECURITY BANK OF IDAHO

National Association
WITH SEVENTEEN BRANCHES

FIRST NATIONAL BANK of Salt Lake City

WITH TWO BRANCHES

FIRST SECURITY TRUST CO.

Salt Lake City

FIRST SECURITY BANK Rock Springs, Wyo.

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ITS USES ARE ENDLESS"

SAY BANKS
OF THE
HUNTER
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By reproducing in seconds anything written, typed, printed, drawn or photographed, the Hunter Electro-Copyist is saving much valuable banking time copying such routine records as financial reports, balance sheets, tax data, real estate forms. And because Electro-Copyist prints constitute legal evidence, are error-proof and change-proof, many banks are finding new uses for it daily. Here are some recently reported:

V Loans. When Government remits to bank, a photo-copy is made of each payment and sent to contractor for authentic record.

R.F.C. Photo-copies of various papers, reports and specialized data required by the Reconstruction Finance Department in Federal Reserve Banks—much of such material pertaining to both issuance and cancellation of war contracts.

Mortgage Loans. Photo-exact copies are made of property plots, titles, loan applications, insurance policies, etc.

Credit. Occasionally correspondents request return of original letter containing confidential informa-

tion. A photo-exact copy remains in the files.

Cashier's Checks. When remitter wants proof that a cashier's check has been issued, received, and paid (income tax payments, for instance), the Electro-Copyist furnishes it immediately.

Lost Checks. When a question arises about a lost check, a photo-copy blow-up is made from the Recordak film.

Many other suggestions for increasing efficiency in banks, minimizing risk of lost papers, and providing better service are contained in our latest bulletin. A complimentary copy will be gladly mailed to you without obligation. Please use coupon.

HUNTER ELECTRO-COPYIST, INC., 441 S. Warren St., Syracuse 2, N. Y.



A full range of sizes
—desk models to
floor models. Prices
range from
\$57.50 to \$3000

Hunter Electro-Copyist, Inc.
441 S. Warren St., Syracuse 2, N. Y.

Please send me copy of your new folder explaining photo-copying for banks by the Hunter Electro-Copyist.

Name.....
Firm.....
Street.....
City..... State.....

In the Good Old "Northeast Corner"

Here's a letter to BANKING from a check manufacturer:

THE question of check simplification is mighty important, but the trouble is that too many people are becoming articulate on the subject of check design. Quite a few are going into print with articles fostering pet ideas that they want to incorporate into check design and, as a consequence, they are creating complexities in the subject of simplification which threaten to become more of

a headache than 'headache checks' themselves.

"Starting with the simple statement that 'the upper right hand corner should be reserved for the exclusive use of the bank,' one editor takes it upon himself to carry the ball and recommends that this should be forced upon us by 'regulation.' Another editor, who apparently seconds the motion, adds that 'all bank titles should appear in the upper right hand corner.' Then along comes an article by a board chairman, who says that

'check numbers should be at the left.' Certain banks insist upon their branch number being in the upper right hand corner, and others who have special checking accounts insist upon the customer's account number being in that same position. And, of course, the Federal Reserve wants to tack a routing symbol on to the transit number.

ALL of these things are to be crowded into the good old 'northeast corner' and, as a consequence, the more publicity given to these viewpoints the more confusion is created in the matter of check design. Just to see how a check would look if we attempted to please everybody who has been writing articles recently, we made up the pocket check shown on the opposite page. The only printing which appears in the upper right hand corner is for the 'exclusive use of the bank' . . . and how. As can be seen, the human eye could take in the 'works' without a flicker and no doubt a tremendous amount of energy would be saved by not forcing the bank people to look over the vast expanse of a bank check. The only trouble with this theory is that everybody handling checks in banks doesn't want to look at the same thing: the girl sorting to the branches only wants to look at the branch number; the bookkeeper posting the amount isn't interested in the transit number; the person listing the checks on a transmittal letter doesn't particularly care about the bank title.

"The point I am trying to make is that there is only *one* thing on a bank check that we could get all banks to agree should be in a certain position and that is the amount in figures, and that is

"It seems to me I could make someone rich by merely pushing the wrong little button!"



BANKING



The First National Bank of Miami

MIAMI, FLORIDA

EDWARD C. ROMFH, President

101 East Flagler St.

Organized 1902

STATEMENT OF CONDITION JUNE 30, 1944

RESOURCES

| | | |
|--|-----------------|------------------------|
| Cash on Hand and Due from Other Banks..... | \$17,744,828.89 | |
| United States Government Securities, Direct or Guaranteed..... | 57,898,782.93 | |
| State and Municipal Securities..... | 55,253.39 | |
| | | \$78,698,834.91 |
| Stock in Federal Reserve Bank..... | 81,000.00 | |
| Other Securities..... | 100,000.00 | |
| Loans and Discounts..... | 4,161,248.20 | |
| Bank Premises and Furniture and Fixtures..... | 825,633.52 | |
| Other Real Estate..... | 25,378.80 | |
| Accrued Income Receivable..... | 247,385.31 | |
| Prepaid Expense..... | 42,728.16 | |
| Other Assets..... | 2,808.28 | |
| | | <u>\$81,184,717.18</u> |

LIABILITIES

| | | |
|---|-----------------|------------------------|
| Deposits: | | |
| Demand..... | \$44,634,761.27 | |
| Savings..... | 4,903,427.03 | |
| U. S. Government..... | 11,199,666.12 | |
| State and Municipal..... | 10,765,978.68 | |
| Deposits of Banks..... | 5,320,687.91 | |
| Other Deposits..... | 637,663.38 | |
| | | \$77,462,184.39 |
| Capital Account: | | |
| Common Stock..... | 1,500,000.00 | |
| Surplus..... | 1,500,000.00 | |
| Undivided Profits..... | 585,470.77 | |
| Reserve for Undeclared Dividend..... | 45,000.00 | |
| | | 3,630,470.77 |
| Income Collected, Not Earned..... | 6,055.08 | |
| Reserve for Taxes and Other Expenses..... | 75,843.64 | |
| Other Liabilities..... | 10,163.30 | |
| | | <u>\$81,184,717.18</u> |

United States Government Securities carried at \$27,387,000.00 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

Member Federal Deposit Insurance Corporation

"Just to see how a check would look if we attempted to please everybody who has been writing articles, we made up the pocket check shown." Everything is crowded into the good old "northeast corner"

2736 55

STANDARD NATIONAL BANK
STANDARDVILLE, U.S.A.

STANDARDVILLE, U.S.A.
19
90-1220
1221

PAY
TO THE
ORDER OF

\$

DOLLARS
CENTS

No.

about all that we have on the right hand side of a bank check at the present time if we produce a recognized standard. As soon as we crowd other things into that area we make things more difficult for banks, and that goes for the proposed recommendations of the Federal Reserve people, who want the transit number to appear in fractional form 'in Gothic type not smaller than 10 point.' On the sample enclosed we have made the transit number smaller because we didn't want to go to extremes in demonstrating how clumsy such a number would look if it actually was printed in 10 point Gothic."

War Bond Redemptions

IN anticipation that the Treasury Department would utilize the facilities of banks in making direct redemption of certain classes of United States Savings Bonds, A. L. M. Wiggins, president of the American Bankers Association, named a Special Committee on War Bond Redemption which has been maintaining direct contact with the Treasury Department on this subject for several months.

As it is indicated that banks will be asked to assume these duties shortly,

the special committee reports:

"It is contemplated that this program may start on Oct. 1 of this year although no decision has been reached.

"Assurance can be given that a procedure for redeeming savings bonds will be worked out on a streamlined basis that will be designed to reduce bank operations to a minimum. The plan contemplates that a bank will not be required to complete the certification form on the back of the bond when it is presented for payment."

HARRIS TRUST AND SAVINGS BANK

Organized as N. W. Harris & Co. 1882 — Incorporated 1907

HARRIS TRUST BUILDING, CHICAGO

STATEMENT of CONDITION

June 30, 1944

Resources

| | |
|---|------------------|
| Cash on Hand and Due from Banks | \$110,650,197.96 |
| U. S. Treasury Bills and Certificates | 115,346,999.51 |
| U. S. Government Bonds and Notes | 107,617,091.20 |
| State and Municipal Securities | 33,560,180.98 |
| Other Bonds and Securities | 36,324,096.60 |
| Loans and Discounts | 104,233,352.00 |
| Federal Reserve Bank Stock | 540,000.00 |
| Customers' Liability on Acceptances and Letters of Credit | 213,200.35 |
| Accrued Interest and Other Resources | 1,698,665.45 |

Total \$510,183,784.05

Liabilities

| | |
|---|------------------|
| Capital | \$ 6,000,000.00 |
| Surplus | 12,000,000.00 |
| Undivided Profits | 2,744,136.51 |
| | \$ 20,744,136.51 |
| Reserves for Contingencies, Taxes, Interest, Etc. | 9,286,518.24 |
| Acceptances and Letters of Credit | 213,200.35 |
| Demand Deposits | \$452,824,362.42 |
| Time Deposits | 27,115,566.53 |
| | 479,939,928.95 |

Total \$510,183,784.05

\$97,000,000 of U. S. Government obligations and \$300,000 of State and Municipal Securities are pledged to secure \$78,046,739.41 of United States Government Deposits and \$13,993,629.42 of Trust Deposits, and to qualify for fiduciary powers.

Member of Federal Deposit Insurance Corporation

Buy War Bonds

Directors

- JAMES M. BARKER
Chairman, Allstate Insurance Company
- MARK A. BROWN
Vice-President
- THOMAS DREVER
President, American Steel Foundries
- FRANK R. ELLIOTT
President
- HOWARD W. FENTON
Chairman of the Board
- FRED G. GURLEY
President, Atchison, Topeka & Santa Fe Railway Company
- ARTHUR B. HALL
Hall & Ellis
- ALBERT W. HARRIS
Chicago
- STANLEY G. HARRIS
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- SYDNEY G. McALLISTER
Chairman, Executive Committee, International Harvester Co.
- JOHN MCKINLAY
Chairman, National Tea Co.
- FRANK McNAIR
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- A. H. MELLINGER
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- PAUL S. RUSSELL
Vice-President
- WILLIAM P. SIDLEY
Sidley, McPherson, Austin & Burgess
- HAROLD H. SWIFT
Vice-Chairman of Board, Swift & Co.
- STUART J. TEMPLETON
Wilson & McIlvaine
- WARD W. WILLITS
Chmn. of Board, The Adams & Westlake Co.
- FRANK H. WOODS
Chairman of Board, Addressograph-Multigraph Corp.

Personnel

(CONTINUED FROM PAGE 71)

companies, gasoline stations, laundries, and creameries. They hired people from dime, department, chain, furniture, and shoe stores, and from the offices of contractors, architects, brokers, insurance companies, and finance companies. And, according to reports received in recent months, the performance record of these newcomers in the banking business seems to have been generally satisfactory.

War Workweek

In February 1943, the War Manpower Commission requested employers in all critical areas to extend their workweek to a minimum of 48 hours. Most of the banks in such areas cooperated with the WMC as far as possible but because of the nature of banking operations it was found that a fixed workweek of 48 hours was impractical in many situations. The area directors of the WMC gave careful consideration to the local conditions prevailing and in practically all of the areas a shorter workweek was approved. Banks in a few of the areas are now on a full 48-hour week but the great majority of financial institutions in critical and semi-critical districts are on workweeks ranging from 40 to 44 hours.

Job Freeze

In April 1943, the War Manpower Commission issued regulations designed to restrict the shifting of employees in the essential activities and to induce employees in "non-essential" work to transfer to jobs that were designated as being more directly in support of the war effort.

This caused the banks a good deal of trouble, particularly in a psychological sense. The morale of bank people took a nose dive when government agency spokesmen implied that selling War Bonds, financing agriculture and war industry, servicing factory payrolls, clearing ration coupons, and performing other wartime banking duties did not constitute an essential activity.

The condition was relieved, however, by area WMC directors who used the authority they had in local situations to release the pressure on bank staff members. By the time the job-switch regulations were spread by the WMC to all areas (July 1, 1944) and made applicable to all employers in every kind of activity, the banks were given the right to apply for a "locally needed" classification

which gave them the opportunity to benefit by the job freeze that had become known as the "Labor Priority Referral Plan."

Locally Needed

The priority referral plan, made effective in all communities by the WMC on July 1, provided for the establishment of Manpower Priority Commissions that rate all employers according to their war effort essentiality, Class A—those engaged in war production, Class B—those engaged in war supporting or locally needed activities, and Class C—all others.

Class A and Class B employers are entitled to first call (labor priorities) on manpower available in their area. Class C employers are allowed no hiring of additional manpower and are expected to give up some of their employees for placement in the more essential jobs. Another provision of the plan is that all hiring of men must be done through the U. S. Employment Service or through agencies approved by the USES.

Area directors were given limited authority to tighten or temper the plan in their own districts.

Banks nominally are rated as Class C employers but, if they wish, they may apply for a Class B rating as locally needed activities, under authority of an amendment to Field Instruction No. 387 issued by the WMC to area directors on May 26, 1944.

Salary Stabilization

The President's Executive Order 9250, based on the Emergency Price Control Act of 1942, is almost two years old and during that time we have been living

morning, noon, and night with wage and salary stabilization regulations issued by the War Labor Board and by the Commissioner of Internal Revenue. So we are, or should be, quite well acquainted with regulatory requirements.

One of the biggest obstacles standing in the way of satisfactory operation under the regulations has been the long delay on the part of the Regional War Labor Boards in designating what they considered to be the "going rates" for bank jobs in their areas. This obstruction is now on its way toward being removed. The Bureau of Labor Statistics is conducting a national survey of bank salary rates that will enable the Regional War Labor Boards to establish approvable rate schedules. Banks that are invited by the Bureau of Labor Statistics to participate in the testing procedure could make a real contribution toward clarification of the going-rate question by accepting the invitation and providing the BLS factual information on the salary rates they are now paying.

Job Classification

An important requirement of the wage and salary stabilization regulations is that banks, particularly those with 31 or more staff members, must set up a formal salary rate and range schedule with each job classification clearly defined and described. This regulatory stipulation has put most of the banks to a lot of work which they considered unnecessary. But many of them, since the job analysis work in their offices has been done, now state that the benefits they have derived from making a "job inventory" amply repay them for the time and effort expended in conducting the study. They also point out that good job descriptions have made it relatively easy to obtain WLB approval of their salary schedules and rate adjustment requests.

Hand-in-hand with job classification goes employee merit rating. And, although merit rating procedures also take time and conscientious effort to initiate and follow up, bank personnel men are making more frequent use of this tool to help them make more effective their length-of-service, merit, and promotion policies as they relate to salary and position changes.

Staff Training

Heavy personnel turnover and increased activity volume brought on by the war necessitated considerable changing of job training methods. Among the more important steps taken by the

"But you must remember, Miss Ashbrook, that your duties as credit investigator will parallel those of a spy to but a very minor degree!"



★ ★ ★
1st
NATIONAL
BANK

-in St. Louis

(Reg. U. S. Pat. Off.)

We offer complete facilities for the prompt handling of collection and transit items in one of the country's increasingly important industrial areas.

Total Resources Over
400 Million.

**FIRST
NATIONAL
BANK**

IN ST. LOUIS

Broadway • Locust • Olive

Member Federal Deposit
Insurance Corporation

banks in speeding up their training programs has been the widespread adoption of the Job Instructor Training plan used so successfully in war industry.

During the past year more than 3,000 bank job supervisors have been taught, by the A.B.A. and the A.I.B., job training principles and procedures that, when followed in actual employee instruction, save anywhere up to 50 per cent of the training time formerly required to break in new and upgraded staff members.

Rehabilitation

The Selective Service Act stipulates that war veterans restored to their civilian positions in accordance with the statute's provisions must be considered as having been on a leave of absence during their service in the military forces and must be restored without loss of seniority—entitled to participate in insurance and other benefits—and must not be discharged from such position without cause within one year after such restoration.

Bank personnel officers are just beginning to perfect their plans for the re-employment of the veterans who, it is sincerely hoped, will be returning to the banks in the not-too-distant future. A careful study of the reemployment provisions of the Selective Service Act is a "must" on the personnel man's list of things to do forthwith.

There is little question about the fact that the conditions we have been and are living through have given our bank men a valuable refresher course in personnel administration. The lessons learned are bound to contribute toward long-term improvements in our hiring procedures, in our promotion policies, in our job evaluating and employee merit rating schemes, and in our job training methods.

Judging from the divorce statistics, a young couple agrees to marry and that's the last thing they agree upon.

One consoling thought about the coming election is that with the shortage of manpower no one will be able to hire repeaters.

In a political campaign much may be said on both sides, and unfortunately is.

One wonders whether this war will bleed Germany white or red.

When the day comes when we beat our swords into plowshares maybe we can do something to the radio crooners too.

THE NEW YORK TRUST COMPANY

Capital Funds Over \$50,000,000



100 BROADWAY

MADISON AVENUE
AND 40TH STREET

TEN
ROCKEFELLER
PLAZA

★
BUY
WAR
BONDS



Member of the Federal Deposit Insurance Corporation

THE RIGGS NATIONAL BANK

welcomes the opportunity to be of service to bankers and their clients in

WASHINGTON, D. C.

RESOURCES

OVER

\$230,000,000

MEMBER F. D. I. C.

SHAVE BELLO

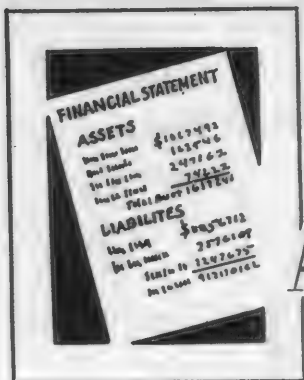
Now gridding abrasive strip, sharpener
give bonus, CONSTANT COMFORT, test
can shaver per double edge blade, BE-MAN'S
GIFT, SERVICEMAN'S GUIDEND CH. J.
new, Texas, new, "I found it wears my belt"
and all good shaver give perfect shave"
JAMES E. Finch, Gardner S. Mann, & S. T. Finkler

Better Pulling Ads

Start for the asking. New BANKADS . . . high
copy, human interest photo illustrations,
art looking typography . . . complete ads,
easy to use. Only \$5 month complete. Write
day for FREE proofs No. 53. No obligations.

Get Catchers 10 E. 38, New York 16

September 1944



An unlisted asset

When you have a Fidelity and Casualty Company Bank Survey you have added an unlisted asset to your bank's security. By following its recommendations you counter balance liabilities such as embezzlement, forgery, messenger hold-up, public liability, sabotage and other hazards which might result in serious financial loss to the bank.

The bank survey points out kinds and amounts of coverage needed for adequate and proper protection.

Ask for this survey now. It may not show in your financial statement, but it's a real asset to any bank.

THE AMERICA FORE INSURANCE AND INDEMNITY GROUP

BERNARD M. CULVER
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THE FIDELITY & CASUALTY CO.

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FIRST AMERICAN FIRE INSURANCE CO.

FIDELITY-PHENIX FIRE INSURANCE CO.
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THE AMERICA FORE INSURANCE AND INDEMNITY GROUP
80 MAIDEN LANE, NEW YORK, N.Y.



Gentlemen: Furnish us with further information regarding your complete survey service which is available to all banks without cost or obligation.

NAME OF BANK _____

ADDRESS _____

When America Resumes

(CONTINUED FROM PAGE 31)

dising of a bank's normal services in terms of today's customer needs. As such, a "post-war plan" is easy to set up and both easy and profitable to operate. Every bank is in a position to set up a post-war plan of the type described above, since they already have all of the necessary machinery. Once the mechanics of a purchase club are set up, there remains only to discuss with depositors their post-war plans and to acquaint them with the new services that the bank has to offer. A logical follow-up of such a savings plan can be worked out with local merchants, even to the point of having them open special savings accounts for their customers, later transferring these to the bank.

Unless people behave differently from ever before, they will be inclined to make a down payment on their post-war purchase and finance the balance. Thus banks which are aware of the purchasers' plans will be in a position to obtain a sizable portion of consumer credit finance in their communities.

THIS fact—that the sound economic future of our country depends upon planned spending and saving—is gaining recognition in many quarters. As a further evidence of its importance, an advertising campaign will shortly be announced from the Office of Economic Stabilization, by Edwin Bird Wilson, Inc., to urge our people to plan *both* their spending and their saving. One of the ads is reproduced with this article. This planned saving and spending project will differ from all other advertising plans promoted by the War Advertising Council in that it is prepared for exclusive sponsorship by banks. The copy has been prepared to fit the requirements of banks and is much more "banking" in character than it is commercial. The advertisements are designed to accomplish common objectives of the Office of Economic Stabilization and of the banking industry, such as:

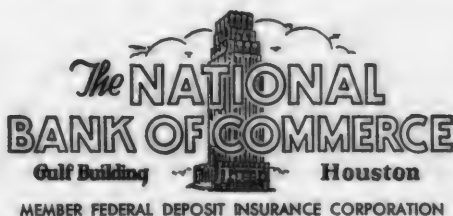
(1) A larger number of savers, particularly among high-earning war workers; (2) many small accounts giving promise of development; (3) the teaching of thrift—wise spending and saving—for their communities' and the country's future security and for each citizen's personal prosperity; (4) avoidance of needless closing out of bank accounts, War Bond savings, and life insurance; (5) the wisdom of building up savings funds to make future payments on new homes; improvements;

farm, factory, business and home equipment; automobiles; a variety of durable goods; (6) paying off mortgages and other loans; (7) the right timing of future spending out of present savings to exert the best influence on *production, prices* and employment; (8) putting brakes on inflation without causing deflation.

In all these matters, banks should have no hesitancy in taking a leading part. The results cannot fail to be of benefit to banks and to customers.

Never before in American history have the banks had such a splendid opportunity to assume financial leadership in their communities. A bank's clientele includes small and large savers and small and large enterprises. All have a large stake in a prosperous peacetime economy. All have need of advice and assistance in doing their post-war planning, since every post-war plan in some way involves "planned saving for planned spending." The plans of the individual must be integrated with commerce and industry now if we are to make our greatest national contribution when America resumes making, building, and buying for peace.

As your Correspondent Bank
in the Great Southwest
we'll give you prompt, efficient,
capable service at all times



It's *our* business to
meet *your* requirements

WHATEVER your requirements in a correspondent bank may be, you'll find this institution well qualified to serve you. We make it our business to meet your needs, no matter how difficult or unusual the situation. Your inquiry is invited.

The National
Shawmut Bank
40 Water Street, Boston

Member Federal Deposit Insurance Corporation



The Post-War Investment Rainbow

(CONTINUED FROM PAGE 44)

immediate prospect of asset shrinkage and a reasonably promising outlook for new business after the war. Subsidized competition from government credit agencies constitutes a serious threat.

Automobiles Post-War

THE speculative community has placed too much emphasis on the number of cars that must be produced in the post-war period and the number of homes that must be built. These two industries have op-

portunities—not imperative destinies.

Of the two, the automobile industry is much more likely to exploit its opportunity with value to the country and profit to its owners. It knows how to produce the best mousetrap on a mass basis at low cost. It does not suffer from the illusion that an increase in costs via higher wages and a restriction in output via labor union limitations will increase consumption.

To be sure, costs have gone up during the war period and suggestions have

come from Detroit that the early post-war car will cost at least 25 per cent more than the same car produced in 1929. It is doubtful that this tentative verdict will be accepted by Ford or that the buyer will fail to register protest in the form of fewer purchases.

The American automobile industry has one marked advantage over building. It has been careful to refrain from Flash Gordon rocket car build-ups for its post-war products. Most prospective buyers know that the car of 194x will be much like the car of 1941.

Construction Industry

THE building industry on the other hand has been dismayed to discover that the average prospective post-war home builder expects a product which cannot be delivered for the price he expects to pay. A recent survey shows that this average prospect with an annual income of \$3,000 expects to make a monthly payment of \$52 for his dream home. In return he wants a six room house with two baths, all-year air conditioning, electronic controls and automatic kitchen gadgets to eliminate the drudgery of housework, unitized rooms, movable walls and an abundance of plastics. On the other hand, the basic demand for homes is strong. Their purchase has been greatly facilitated by the FHA and the so-called GI Bill. The ordination of the two seems to permit the purchase of a \$10,000 home by a service man without any capital contribution by the buyer.

Contrary to widespread popular belief, equities today are not interesting because they constitute a hedge against inflation. Inflation of the type which this country has experienced during the war and may have after the war depresses equity values. They should be bought only if their purchase is fully justified on other grounds.

An American soldier and a French civilian meet on the causeway leading from the Brittany mainland to historic Mont St. Michel, which passed undamaged into the hands of the Yanks



PRESS ASSOCIATION
BANKING

Building for tomorrow—by accomplishing today's undertakings today, with thoroughness and precision.

AMERICAN NATIONAL BANK

at Indianapolis

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

COME TO HOUSTON—The industrial payrolls of Texas increased from 128 Million Dollars in 1940 to 3½ Billion Dollars in 1943—a gain of 2,693%! And Houston is the bright spot of this great industrial expansion. Located in the heart of the great Texas Gulf Coast area, Houston occupies first place in the thinking of men who are looking for tomorrow's land of opportunity. Business men and their banks will find First National's complete banking service geared to the needs of this section. On this basis, we invite your inquiries.

FIRST NATIONAL BANK

Main and Fannin at Franklin in HOUSTON

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Washington Menu

(CONTINUED FROM PAGE 46)

about the novel "ration card banking" in the United Kingdom. Income tax collection at the source was being advocated. A special bankers symposium was devoted to the question of government competition. Checks for service men's dependents were creating special problems. The SWPC emerged from the WPB.

By the latter part of 1942 ration banking had been launched by OPA and Senator Murray was addressing BANKERS' readers on small business credit needs. In December the Treasury undertook the largest piece of financing on record, seeking \$9 billions, and Victory Fund committees were organized to harness the talents of bankers as bond salesmen.

As 1943 opened, the putting into circulation of a surplus supply of Federal Reserve bank notes had begun, and with it a controversy. Higher taxes were still the prospect. Congressman Patman of Texas renewed his perennial campaign for the issuance of non-interest-bearing bonds to the banks. The new Federal budget reached \$108,900,000,000. Senator Green of Rhode Island was insisting that idle Treasury silver be put to work in war industry. Revival of the RACC by the Department of Agriculture caused increased banker uneasiness and opposition to socialized credit. By April more than 80 banks were participating in the Treasury's banking facilities program at military training bases.

People continued to ask about inflation: What would happen with all this money in circulation and in the banks? The War Savings staff and the Victory Fund committees were merged. A thorough census of American investments abroad was undertaken by the Treas-

ury. The Current Tax Payment Act of 1943 became law.

The increasing volume of war contract renegotiations naturally concerned a large proportion of the banks, because of its effects on their customers. Contract termination plans featured the stirrings of Congressional committees. The Federal Reserve Board issued its famous interpretation of Regulation Q on the absorption of exchange. Toward the end of the year the House Small

Business Committee submitted a report on the disposal of surplus war property.

By the Spring of 1944 there was more talk about an international stabilization fund and a world bank for reconstruction.

To complement the "uniform termination article" for government war contracts, promulgated in January, a similar article for incorporation in sub-contracts to which the Government is not a party was promulgated by Stabilization Director Byrnes early in the Summer.

At the Bretton Woods Conference in July plans were drawn for international monetary stabilization and loans.

Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(Member Federal Deposit Insurance Corporation)

LOOKING TO CANADA

The unfolding of Canada's vast natural resources in the post-war period will present unrivalled opportunities for a profitable exchange of products.

An intimate knowledge of the Dominion, extending over a hundred years, has equipped this Bank to serve you. Enquiries are cordially invited.

Branches from Coast to Coast

Newfoundland
Puerto Rico
New York
49 Wall St.

Jamaica
Dominican Republic
London, England
108 Old Broad St., E.C.2

General Office, Toronto, Canada



The BANK of
NOVA SCOTIA

Established 1832

Acting Secretary of State Stettinius, left, and Lord Beaverbrook sign an Anglo-American trade agreement. Secretary of the Interior Ickes and Leo T. Crowley, Petroleum Reserves Corporation, stand behind the signers



PRESS ASSOCIATION



THOMAS A. EDISON invented the incandescent lamp on October 21, 1879, contributing to the world one of the greatest inventions. Chartered in 1865, Millers National Insurance Company goes back in history fourteen years before the era of electric lights.

Next time, specify one of these time-tested fire companies

MILLERS NATIONAL
Insurance Company
ILLINOIS FIRE
Insurance Company
CHICAGO, ILL.

THE BANK DIRECTORY



ISSUED — MARCH — SEPTEMBER

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for a Half Century*

★
R. L. POLK & CO.

Publishers
ESTABLISHED 1870

431 Howard St.

Detroit 31, Mich.

Your Reading

Women in Banks

CAREERS FOR WOMEN IN BANKING AND FINANCE. By *Dorcas Elisabeth Campbell*. E. P. Dutton and Company, Inc. 26 pp. \$2.75.

This overall survey of the jobs women now hold in banking is told in numerous personal stories, together with expert opinion and advice on the future of women in the business, and some very practical advice for those who contemplate entering the field.

The book surveys a personnel situation in which bankers, business men, employment counselors and potential and actual career women are all interested. Miss Campbell, assistant secretary of the East River Savings Bank in New York City, discusses the findings of personnel clinics in fitting women to banking jobs, what personnel tests prove, the opinions of women in banking held by bankers and secretaries of state bankers' association, and what opportunities are ahead in the view of experts in various financial occupations.

Although the idea of women in banking caused raised eyebrows yesterday, Miss Campbell tells how today they have attempted and achieved success in everything from page girl to chairman of the board.

The World's Money

POST-WAR MONETARY PLANS AND OTHER ESSAYS. By *John H. Williams*. Alfred A. Knopf. 297 pp. \$2.50.

This volume brings together the writings of Dr. Williams, Harvard professor and dean of the Harvard Graduate School of Public Administration, on international monetary organization. It will especially assist readers in evaluating the recent agreements reached at Bretton Woods. Dr. Williams believes the problems of the transition period from war to peace should be handled separately from long-run currency stabilization. He questions the wisdom of adopting at this time a formal plan for an international stabilization fund.

The book is concerned largely with the nature of the fundamental problem of international adjustment, and presents a broad survey of the forces which have affected national attitudes since the first World War. Dr. Williams maintains that domestic stability in the major countries, especially the United

States, is the essential key to solving the international problem.

The maintenance of high employment here, once our huge military expenditures have contracted, will present unprecedented difficulty in Dr. Williams' opinion. Thus, until we have

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July 28, 1944

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greater assurance that the domestic problem can be solved, we should adopt a more gradual and less formalized approach to international currency stability. He presents, as an alternative to the Bretton Woods plan, a "key countries" approach which has created wide discussion.

Taxes and Inflation

CURBING INFLATION THROUGH TAXATION. By *Marriner S. Eccles, Alvin H. Hansen and other tax authorities.* Tax Institute, Inc. 272 pp. \$2.50.

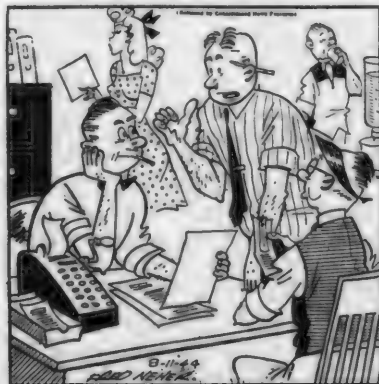
IN THESE papers, presented at a recent Tax Institute symposium, the writers come to grips with the inflationary problem in a realistic way. They believe that inflation is still the No. 1 fiscal problem, a threat during the war and probably even more of a threat in the post-war period.

Part I deals with the earmarks of inflation now in evidence. Experts discuss consumer spending, the boom in farm land, inflation in urban land, and the increase in bank deposits and money in circulation. Part II concerns the inflationary potentialities of the public debt. Fiscal devices to curb inflation are discussed in Part III. Part IV is devoted to the experience of other countries in curbing inflation through fiscal devices. Four countries are discussed: the U.S.S.R., Canada, England, and Italy.

In the concluding section Governor Eccles and others consider the possibilities of post-war inflation and outline suggestions for tax action to curb it.

An appendix on "Tax Information and Public Education" summarizes a discussion between educators and tax experts on what the schools can do to raise the general level of economic literacy, with particular emphasis on taxation.

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In boom or depression
... in Peace or War ...
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"Now, if we
were only
staying
at



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The Palacio Hilton. Hilton Hotels. C. N. Hilton, President.

Country Bank Operations

(CONTINUED FROM PAGE 69)

materials and manpower real estate loans will show an increase both in new building and improvements.

Not only will the consumer credit and personal loan facilities be used but many country banks will employ the term loan technique. Others will utilize procedures involved in accounts receivable, field warehousing and other specialized forms of lending. There will be alert country bankers who will survey every possible credit need in their community, determine what and how they will supply it and, equally important, make known their willingness and ability to handle such loans.

Country banks in the past few years have made great strides in improving their operating methods. This will continue and the movement will be accelerated as new machines are made available. Too, the manpower problem will become less acute thereby assuring the efficiency of operation that comes with experienced personnel.

Country banks are examining more

closely their records, forms and systems. They are seeking short cuts and finding them. The ingenuity of the country banker has no equal and he will continue to organize, coordinate and regulate the operating activities of his bank with increasing efficiency. This means better service and more profit.

The increased activity in the lending field, discussed above, will be a major source of new business to the country bank. There will, however, be other important factors—the increased use of checking accounts both regular and special form. The savings account will receive more consideration. Inducements for savings will be devised and will take the form of special purpose accounts. The banks with trust departments will again be able to devote more time to development of this work.

Post-War Prospects

The post-war characteristics of the lending and new business activities of country banks occupy an important

place in any outlook for country banking. The interest displayed by country banks in the underwriting of the A.B.C. Post-War Small Business Credit Commission, their eagerness to support its activities, and their representation of the Commission itself are symbols of this forward trend.

Wide-awake country bankers will devote more and more time to personal contacts—the heartbeat of country banking. Departments will be created for outside contact with farmers; officers will be assigned this important and pleasant duty. The number of points of contact with the people of the community will be multiplied. The country banker will interest himself in the activities and welfare of the returning war veterans. He will cement his wartime relationships into peacetime friendships within the community. He will continue to be a leader in the post-war period as he is in these days of war service. He will do more and better advertising. He will make his voice heard in those places where public opinion is formed. He will build goodwill and earn the respect and appreciation of the people of his community.

Farm Credit

(CONTINUED FROM PAGE 71)

posits in more than 90 per cent of the banks of the nation, will beget confidence and stability in any economic depression. The unparalleled liquidity of the banking system should give assurance that the extension of sound credit to farmers will not again be curtailed.

Future of Farm Credit

And with the banks emphasizing their ability to serve and their interest in farm business—*what is the future of the agricultural credit business?* Like most businesses, that of the farm has more cash and liquid assets today than it has had for many years. It has less need for credit, mainly because it has good income and cannot reinvest that income in ordinary things that farmers buy to make their plant better and to make their farm operation more efficient. Farmers can't buy machinery; they can't buy fencing; they can't buy lumber for the maintenance of their buildings. There are a lot of things for which farmers are storing up a need and will likely be in the market to buy just as soon as these and other things are released from the war effort. And when you consider them all—like modern improvements for the home, a new automobile, and even wearing apparel

for the members of the family—there is built up a potential market that when multiplied by six million farmers means business in big figures, and with it there appears to be a comparable volume of credit needed to complete the job. As to the dollar volume—well, that's something that might be estimated by every country bank which might want to project the future spending of its farm people. One community made an appraisal of its probable farm spending in the 12 months following the close of the war and found it totaled more dollars than the aggregate deposits of its banks.

Self-Appraisal Needed

In the situation it behooves every country bank to appraise itself and to know whether or not it is in position to take care of the tremendous business that seems to be in the offing. It should be aware of the preparedness of the competing agencies sponsored by government. It should acquaint itself with the sale projections made by machinery and other dealers that do business with farmers. It should help farmers to analyze the outlook for post-war prices of the things they produce. It should be thoroughly informed on the legislation for government support of certain farm prices for a period after the war. It should determine whether or not it is in

position to invite the worthy farmers of its community to seek their financial requirements there. Such an evaluation should contemplate a vigorous pronouncement of its ability and willingness to serve the farmers so that they may know of the interest which the bank has in theirs and the community welfare.

It is very important for the future of the nation that the farmers be helped to avoid another depression of deflation and hopelessness such as they endured a few years ago. It is to the long-range interest of bankers to discourage excessive spending and excessive borrowing even in cases where they might seem to be well protected.

Keep this in mind, that farmers as a class constitute the thrift of America. They will spend if they have the money—if they are making a fair return. But in spite of their need to buy, whether it is for equipment or for home living, they will curtail their purchasing to square with their income. In short, prices in the coming post-war years do not permit of a profitable current farm operation, the big potential farmer buying power may diminish to much smaller proportions.

The future of agricultural credit is therefore tied up, pretty much, as it always is, in the profitable operation of the farm itself.

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From the SUB-ARCTIC to the TROPICS

THE building of the Alaska Highway, now accomplished, but once described as "an engineering monstrosity impossible of completion," required that practically all labour and equipment be brought from distant centers, mainly in the United States.

But financial equipment was already there at the two working bases — Dawson Creek, B.C., and White Horse, Y.T., where *The Canadian Bank of Commerce* had long-established branches able to provide all the banking services required for American forces, contractors and workmen.

In far-off Trinidad the Port of Spain branch of the Bank provided similar banking services for the builders of a great new American naval base there. Last year a branch was opened at nearby Fort Read, the first banking office ever established at an American overseas military post.

Thus from the Sub-Arctic to the Tropics runs this Bank's network of vital services, extending throughout and across Canada, to New York, the Pacific Coast centers of the United States and strategic overseas points.

This banking service, which has been so valuable on such widely-separated projects as the Alaska Highway and the Trinidad naval base, is available to all American bankers and business men.

● BRANCHES OF THE CANADIAN BANK OF COMMERCE

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SOUTH AMERICA

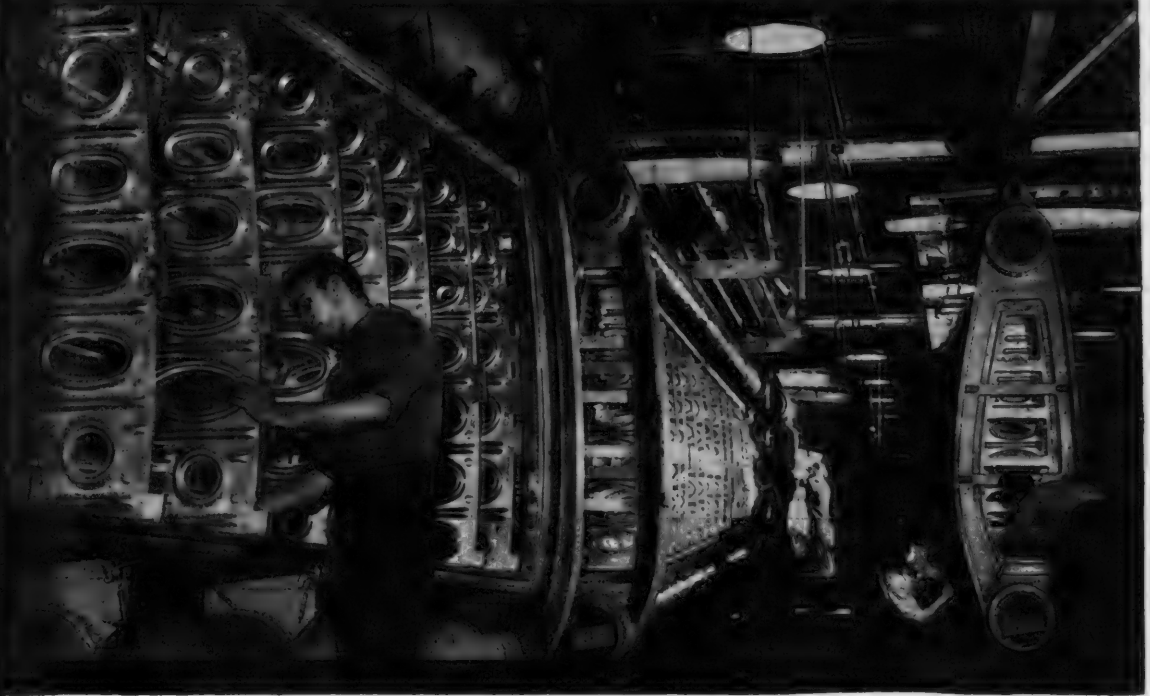
OVER 500 BRANCHES IN CANADA

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New York, Portland, Ore., Seattle, San Francisco, Los Angeles,
Port of Spain and Fort Read, Trinidad


THIS LIBERATOR CAN'T FLY

WITHOUT WINGS



An imaginary situation of course, because American Central has been producing outer wing sections fast and in plenty for many months. • We have made sure that the famous Liberator will remain famous if we have anything to do about it. • In this same high gear after the war we'll produce comfort for the American kitchen on a scale made possible by our present effort.

Photo shows huge jigs on overhead conveyor for expediting production of Liberator bomber wings.

AMERICAN  CENTRAL
MANUFACTURING CORPORATION
CONNEERSVILLE • INDIANA



• It is our earnest desire to meet all the demands for Allen Wales Adding Machines, but as a result of our effort in the manufacture of vital war materials, we may build only a limited number of adding machines.

If you are in need of Adding Machine Equipment, we suggest that you get in touch with our nearest agency or write to our home office for further information.

ALLEN WALES

ADDING MACHINE CORPORATION

411 Madison Avenue, New York 22, N. Y.

A WHOLLY OWNED SUBSIDIARY

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THE NATIONAL CASH REGISTER CO.

4

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

OCTOBER 1944



News Reel Excerpt: Banker Gets Legion of Merit (page 1)

CREDIT HISTORY IN THE MAKING (PAGE 24)

"... LEADERSHIP IS BEING SUPPLIED"



to bring them together

As inventories pile up in all parts of the nation, many business men—with a ready market for badly needed merchandise—find themselves in need of funds to carry on; to purchase portions of the vast surpluses available and get merchandise on the march to millions of consumers who are eager for it.

Through field warehousing, as presented by Douglas-Guardian, the banker is enabled to work out a financial arrangement with the business man who has inventory on which to borrow. Almost any inventory with a market is good security

for profitable bank loans. And, under Douglas-Guardian procedure, your collateral is protected not only by every legal safeguard but by the stability and reputation of Douglas-Guardian and the efficiency of the Operating Man who sees each transaction through from beginning to end.

Right in your own community, among your own customers, are many prospects for sound loans on surplus inventory. To increase your profits—why not suggest field warehousing, by the Douglas-Guardian procedure?

DOUGLAS-GUARDIAN

WAREHOUSE CORPORATION

Nation-Wide *FIELD WAREHOUSING*



NEW ORLEANS • CHICAGO • NEW YORK • ATLANTA • CLEVELAND • DALLAS • EASTON, MD. • LOS ANGELES • MEMPHIS
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BANKING

Volume X

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October

Just a Minute



FOX MOVETONE

The Legion of Merit

For Valor

BANKING this month offers its home front salute to the banker-service men who have been decorated for valor.

In honor of them all, we publish on the front cover a picture of Captain COURTNEY E. KIRBY, formerly of The Chase National Bank, New York, receiving the Legion of Merit and Purple Heart medals from Brigadier General J. A. Bethea at McCloskey General Hospital, Temple, Texas.

Captain KIRBY lost his right leg and right eye and suffered many shrapnel wounds in an action just two days before his regiment took Munda airfield on New Georgia Island in August 1943. He left the Chase's bond, mortgage and real estate department when called by the New York National Guard in December 1940.

Captain KIRBY's Legion of Merit citation says that he "displayed a marked degree of skill in reconnoitering and patrolling strange and inadequately mapped terrain in advance of a large-scale attack against a well-emplaced enemy whose strength and disposition had been undetermined. His daytime reconnaissance took him behind Japanese lines, sometimes within 15 feet of enemy positions. He was constantly under hostile observation and fire, and was severely wounded by an anti-aircraft shell. The accurate sketches and information that Captain KIRBY brought back formed the groundwork for a successful plan of attack."

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JUST A MINUTE—Continued

How Go on With the Story

THERE's an interesting little tale attached to this picture.

A friend of Captain KIRBY, watching a Fox Movietone Newsreel, surprised his neighbors in the theater by exclaiming, "Gosh, I know that guy!"

And sure enough, he did. A check up with the movie company clinched the identification of the captain, and also provided a print of the scene which the friend sent to *The Chase*, the bank's employee magazine. From that estimable publication the photograph found its way to 22 East 40th Street and to the position of honor where you now see it.

There's Still More

IN getting the facts about Captain KIRBY we wondered why it wouldn't be a good idea to round up a more complete account of banker heroes. So we asked a number of banks throughout the country:

"Please send us the names of your boys who have been decorated."

When the letters began coming in we knew we had a good story. Maybe you'll think so, too, when you look at page 12.

And maybe, also, you'll read about someone you know.

There's more to come in later issues.

A Salute to the Langones

DEFILY directing the conversation back to covers, we shall now talk for a couple of paragraphs about the photo that was our show window for August. Labelled "The Thrift Corporal at Work," it showed a line of GI's in "bank formation"—that is, they were deposit-

ing part of their pay with the company bank operated by Corporal EDWARD JORDAN for the 561st Ordnance Heavy Maintenance Company (TK) at Camp Chaffee.

That's quite a famous company, financially, for BANKING has publicized it considerably, as you may remember. In explaining the August picture we took the liberty of identifying only Corporal JORDAN, leaving to desolate anonymity the GI's who were the bank's customers on that occasion. But our omission was promptly noted in at least one American home, for we got this letter from Long Island City, New York:

"I want to compliment you on the picture on the front cover of your August 1944 issue. However, the only person you mention by name is Corporal JORDAN. I believe you should have mentioned also the name of all the soldiers who are in this picture taken at Camp Chaffee, Arkansas, and who are anxious to save money after the war.

"The first person in line—the fellow with the moustache—happens to be my son, Corporal JOSEPH J. LANGONE. He is one of four sons that I have serving in the Armed Forces. My other sons are Pvt. ANTHONY LANGONE, Pfc. THOMAS LANGONE, and Sgt. JOHN LANGONE. Both ANTHONY and THOMAS are serving overseas in England and have just met one another after a long search.

"Since I am a widow and naturally cannot put anything aside for my sons for after the war, I believe whole-heartedly in your idea to continue encouraging service men to save.

"Yours very truly,

"(Mrs.) ANNA LANGONE."

Here They Are

YOU are quite right, Mrs. LANGONE. (CONTINUED ON PAGE 5)

"Well, there's the note payment you were in such a darned hurry about!"



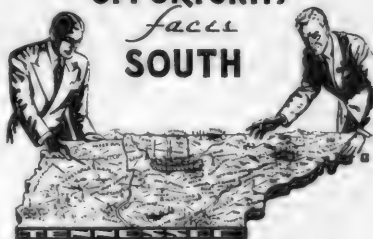
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OF THE CITY OF NEW YORK

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October



"Ach! Dot Vas der Life!"

We should have identified your Joe as well as the other mothers' sons.

And if it's not too late, we'll do so now, with the help of Army Public Relations and the Signal Corps which took the picture. Here is the revised and complete edition of the caption:

Corporal JORDAN, *seated, right*, and his assistant, Pvt. DAVID FULD of Albany, New York, are busy on Army pay days accepting deposits for their unusual company bank. T/4 JOHN COWAN, *extreme left*, gets banking service, while awaiting their turn at saving for post-war needs are T/5 JOSEPH LANGONE, Long Island City, New York; T/5 RALPH LEWANDOWSKI, Coady, Wisconsin; and T/5 STANLEY MARLIN, Brooklyn, New York.

Postscript

WE ALSO heard from Sergeant CHARLES CABANA, JR., who's public relations man for the same outfit. The sergeant is writing a history of the company and says that our stories about Corporal JORDAN will go into his record.

Incidentally, Sergeant CABANA is a nephew of the late OLIVER CABANA, JR., chairman of the board of the Liberty Bank of Buffalo.

So They Dug Up the Money

A WASHINGTON dispatch to the *Wall Street Journal* said that two days after the Germans had been driven from Cherbourg the first French civilian bank had reopened for business.

"A week later," reported the correspondent, on the basis of War Department information, "all liberated French banks which had flourished before Nazi occupation had reopened with one exception.

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SELL SOMETHING NOW

Quite a few full-fledged and embryonic sales managers are straining at the leash in anticipation of the post-war period when they will be given the green light on their merchandising programs. Their eyes are focused on the thousands of people living within their normal trade areas who will soon be hot prospects for good loans of all descriptions.

But why shouldn't these live-wire, sales-conscious bank people get in a little practice before the real sales program gets under way? Why shouldn't they establish a lot of contacts?... Sort of polish up their selling technique and get attuned to asking people to buy so they won't have to start cold.

Now what can they sell right now that will build good will, bring in a little profit, and get them in the mood to do that big selling job that lies before

them? The answer is Personalized Checks. They're easy to sell, everyone likes them and, while they appear to be insignificant because they sell at such a small unit price, they bulk up sufficiently large to cause some pretty big comptrollers to arch the eyebrow.

And why not? We know of one bank that has sold 14,762 individual customers in the past nine months. Another sold 10,901 in seven months, so it isn't just small or medium sized banks that go for this little \$1.25 package. Big banks also find it important enough to include it in their official planning.

Why not put on a real drive in your bank starting immediately?

Use our publicity material enclosed with your monthly statements. See how many customers you can sell before the end of the year. See how much you can reduce your check expense.



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"When invading Germans first overran the Normandy peninsula, Cherbourg bankers took their immediate resources, which amounted to 100 million francs, and hid the money in a cache outside of town.

"When Allied troops liberated the port, French bankers went to dig out their buried capital. Atop their secret vaults they found a mound of dead Germans who had to be moved before they could get to their money. Whether the Nazis were sitting in blissful ignorance atop the French treasure when an Allied shell 'liquidated' them or whether they were trying to dig their way to the money is unknown.

"The Cherbourg banks reclaimed their buried resources and reopened their doors. Their first business was re-financing 2,300 farmers who wanted to resume operation of their farms and dairies in Normandy, one of the richest agricultural sections in Europe."

And here's another "banking angle" to the military news:

New York Times Correspondent Gene Currian reported that during the Nazi occupation of Paris the Chase National Bank's vaults beneath the Hotel George V served as a Nazi air raid shelter.

"V" Day

THESE next few lines are by way of apology. BANKING has felt that it should have an article on bank preparations for "V" Day, but the rapidity of the war made such a disquisition seem a bit inadvisable. Supposing, for example, we did get a story, only to have the glorious occasion come just a day or two before we appeared. Speaking of anti-climaxes . . . !

But we shall stick our necks out to the extent of remarking that banks have given considerable thought to the rum-

(CONTINUED ON PAGE 10)

"Well, if Lincoln was so poor, how come his picture is on all this money?"



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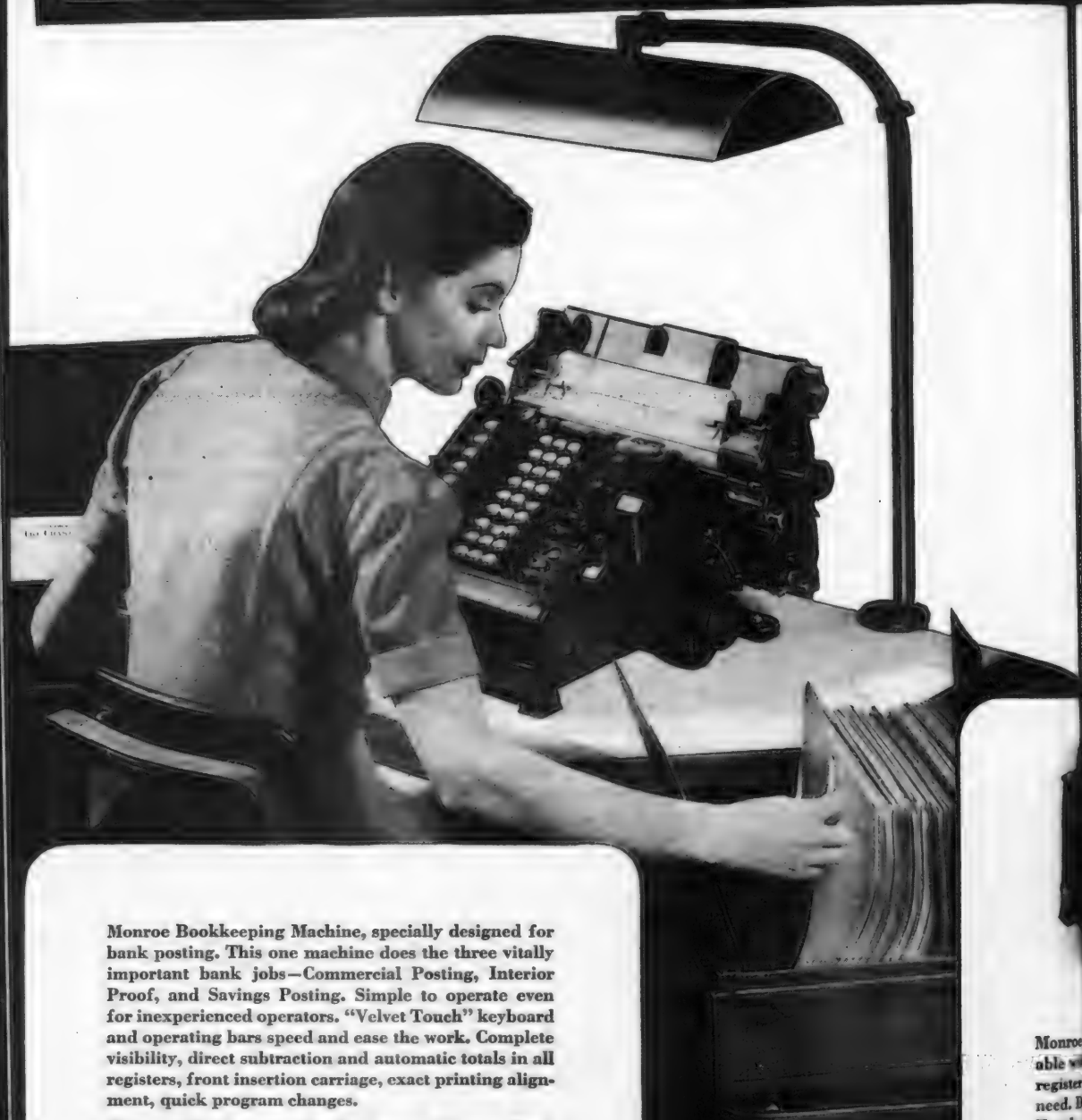
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JUST A MINUTE—Continued



"You can't cash my check because you don't know me! Well, is it my fault if you don't get around?"

pus that V-Day will bring. Celebrants short of funds, employees who want to be celebrants, the dangers of over-celebration, the legal obstacles in the way of closing banks—these are some of the considerations involved. One suggestion was that banks located in congested areas post guards at their entrances so that persons having legitimate business could be admitted and merry-makers discouraged.

Well, a lot depends on Hitler. Maybe he won't quit all at once, but in piece meal. . . Maybe there won't be an armistice. . . Maybe . . .

But what's the use of guessing!

Apologia

THIS department signs off with a guilty conscience. It has told you nothing about the treasures to be found between Covers One and Four of this October 1944 issue.

It could—and perhaps should—have written several columns about CLARE MINOR's good article on post-war foreign trade . . . on the many-faceted post-war credit outlook . . . on the introduction of W. RANDOLPH BURGESS as new A.B.A. president . . . on the survey of bank ads wherein MAL DAVIS reports . . . on the Sixth War Loan plan and the Navy's grand job of bond-buying . . . on BELLE S. HAMILTON and the public relations job she does for a Florida bank . . . on the many news items for country banks . . . on GI Joe (there he is again!) yearning for a post-war farm.

But we omit our usual reporting job on BANKING's contents, confident that the pleasure of exploring these pages for yourself will be exceeded only by the reward that awaits you.

JOHN L. COOLEY

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Citations to Bankers

MARY B. LEACH

WHILE the story of heroism in battle cannot be measured entirely in terms of those who win military decorations, for the gallantry of many of our soldiers will never be known, the large number of citations awarded to bankers illustrates the fact that members of the banking profession are in the front ranks of those performing meritorious service in battle.

In this—BANKING's feature of the month—we present a brief report of some of the bankers who have won high military recognition for their achievements. Other banking heroes will be mentioned in future issues.

Although the interesting story of our cover picture is told in more detail in "Just a Minute," on page one, the first banker-hero whom we shall introduce is Captain COURTNEY KIRBY (shown receiving the Legion of Merit and the Order of the Purple Heart), one of several Chase National Bank of New York employees who have received military awards for their achievements. Two days before his outfit took Munda airfield, Captain KIRBY lost his right leg and right eye.

The record of the other 11 Chase men follows:

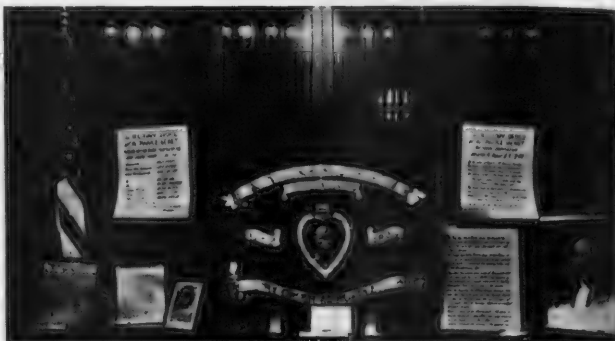
IN 31 missions over a period of 90 days as a radio gunner on a Flying Fortress, Technical Sergeant CHESTER G. McCULLOCH won the Distinguished Flying Cross, Air Medal with four Oak Leaf Clusters, and two Presidential Unit Citations.

(CONTINUED ON PAGE 14)

Sgt. McCulloch holds a flashlight which was put out of commission while in his hip pocket by the piece of flak in his left hand



Cooperating with chapter of the Military Order of the Purple Heart, Fifth Third Union Trust Company, Cincinnati, used this display to tell Purple Heart history



Decorations

Army

Congressional Medal of Honor is authorized by Congress and is awarded in its name for a particular deed of most distinguished gallantry in action and takes precedence over all other United States decorations. It is bestowed on both commissioned and non-commissioned ranks alike. It was instituted in 1862 as a reward for conspicuous acts of bravery during the Civil War.

Distinguished Service Cross is awarded for extraordinary heroism in connection with military operations against an armed enemy.

Distinguished Service Medal is awarded for exceptionally meritorious service during a duty of great responsibility.

Silver Star is awarded for gallantry in action when that gallantry does not warrant the award of a Medal of Honor or a Distinguished Service Cross.

Purple Heart is presented to commissioned and non-commissioned ranks honorably wounded in action in all branches of the service. It was created by an order signed on August 7, 1782 by General George Washington and was revived in 1932 by General Douglas MacArthur. It was the first United States decoration for military merit and is the second oldest in the world.

Soldier's Medal is awarded for heroism not involving actual conflict with the enemy.

Distinguished Flying Cross is awarded to any person for "heroism of extraordinary achievement while participating in an aerial flight."

Air Medal is awarded for "meritorious achievement while participating in an aerial flight." No more than one Air Medal may be awarded to one person, but for succeeding achievements justifying additional awards, Oak Leaf Clusters are given to be worn with the medal.

Legion of Merit recognizes "extraordinary fidelity and essential service" in a position of responsibility and is conferred upon "outstanding officers and enlisted men in the armed forces of the United States or of friendly nations."

This decoration is not given for gallantry in action.

Medal of Merit is the counterpart of the Legion of Merit for award to civilians.

Navy, Coast Guard and Marine Corps

Medal of Honor is the highest award given to Navy men and is awarded to a man who distinguishes himself "conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty."

Distinguished Service Medal is awarded to any one who distinguishes himself by "exceptionally meritorious service to the Govern-

(CONTINUED ON PAGE 14)

All Set For New "Withholding"?

FEDERAL TAX GUIDE REPORTS



● Federal tax changes are always fraught with uncertainties—and the new federal income tax withholding requirements are no exception. Such far-reaching developments stir up questions and doubts and problems that must be settled—and settled correctly, soundly, if mistakes and troubles, delays and difficulties are to be avoided.

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● Week after week, each issue of **FEDERAL TAX GUIDE REPORTS** swiftly, faithfully hurries to subscribers the last word, the newest development, the latest twist and turn of events in federal taxation—of interest or importance in the everyday conduct of business and personal federal tax affairs.

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BANKER CITATIONS—Cont.

The Silver Star was awarded to Lieutenant WILLARD W. BROWN, who was in charge of a Navy gun crew on a merchant ship which shot down torpedo bombers attacking his vessel.

Lieutenant CLIFFORD P. TAYLOR, bomber pilot, received the Air Medal for sinking a Japanese vessel.

The Air Medal was awarded to Staff Sergeant ROBERT E. BERGENDAHL, a radio gunner on a bomber, for a number of missions over Germany. He is now a prisoner in Germany.

Lieutenant JOSEPH F. COSGROVE, Jr. won the Air Medal for a number of combat missions piloting a B-24. He also, is now a prisoner in Germany.

As part of a Marine battalion which took the air strip at Cape Gloucester, Pfc. NICHOLAS F. HERRICK, received the Presidential Unit Citation.

Major W. O. ELZAY received the Presidential Unit Citation "for heroism and superior efficiency in the Battle of the Atlantic." He is executive officer of an anti-submarine group.

The Silver Star, Purple Heart and personal citations from Generals Eisenhower and Clark for outstanding service as a member of General Clark's staff.

(CONTINUED ON PAGE 16)

Decorations

(CONTINUED FROM PAGE 12)

ment in a duty of great responsibility."

Navy Cross is awarded to any person who distinguishes himself by "extraordinary heroism or service not sufficient to justify the award of the Medal of Honor or a Distinguished Service Medal."

Navy and Marine Corps Medal is awarded to any person who shall have distinguished himself or herself for heroism not involving actual conflict.

Presidential Unit Citation Medal is awarded to any ship, aircraft of naval units, any Marine aircraft detachment or higher unit for outstanding performance in action.

Distinguished Flying Cross, Air Medal, Legion of Merit, Silver Star and Purple Heart are the same for the Navy as for the Army.



BEFORE



AFTER

BE SURE YOUR STORE properties have the eye-appeal that means better business. Plan to modernize them . . . inside and out . . . with Pittsburgh Glass. This attractive store in Rochester, New York shows how Pittsburgh Glass can improve a store's sales personality. Architect: Charles A. Carpenter.

The store with *Eye-appeal* INSIDE AND OUT is the store that tenants prefer!

**Insure better postwar revenue by planning NOW
to modernize your store properties.**

WANT a proven recipe for easier renting and bigger revenue in the store properties you handle? It's a simple one . . . in two parts. First, give store interiors smartness and beauty with Pittsburgh Glass. Second, remodel store fronts with Pittsburgh Glass and Store Front Metal. Then your store properties

will have the eye-appeal and personality that attracts profitable tenants and helps their business to prosper.

Now is the time to plan store modernization. Be ready to go when building restrictions are lifted. Remember that a big backlog of modernization work has been built up

during the restricted period . . . and it will probably be difficult to get alterations done promptly if you wait till the last minute.

See your architect to assure well-planned, economical store designs. Our staff will gladly cooperate with him. And meanwhile, you'll want a copy of our free books about store modernization. They show many actual Pittsburgh remodeling jobs . . . with facts, figures, and photographs. Send the coupon below . . . today.

"PITTSBURGH" stands for Quality Glass and Paint

PITTSBURGH GLASS

for Store Fronts and Interiors

PITTSBURGH PLATE GLASS COMPANY

Pittsburgh Plate Glass Company
2828-4 Grant Building, Pittsburgh 19, Pa.
Please send me, without obligation, your
illustrated booklets on store modernization.

Name.....

Address.....

City..... State.....



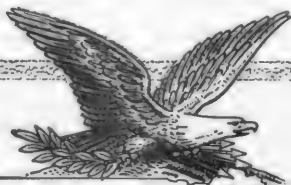
"No, Mrs. Gordon,

insurance needs no ration points. But it has plenty of good points you should know about.

- 1—Contrary to most commodities, fire insurance rates have decreased on an average of 40% since 1914.
- 2—A reliable local agent is ever present to give you prompt advice and assistance.
- 3—Beside the lower cost, You get even more for your money now, in broader, simplified policies.

Having represented the United States Fire Insurance Company for many years, I can promise you the most considerate cooperation should you have a loss. That is when a policy proves its worth—as any of your friends who've had losses will admit."

There is a United States Fire Agent in your community ever ready to serve.



UNITED STATES FIRE INSURANCE COMPANY

ORGANIZED 1824

NEW YORK, N. Y.

BANKER CITATIONS—Continued

Africa, Sicily and Italy were awarded Lieutenant Colonel AARON W. WEAVER, who was killed in action.

Staff Sergeant LEWIS D. MITCHELL was awarded the Distinguished Flying Cross after 22 missions over Nazi Europe as waist gunner on a B-17.

Sergeant NORMAN A. DAVEY, a member of Chase Bank's London office, has been mentioned by the King in dispatches for "gallant and distinguished service in Sicily."

Staff Sergeant ERNEST F. GUSTAVSON, who was with the first wave of the "Fighting First Marine Division" which took Guadalcanal, has received the Presidential Unit Citation.



Sgt. Gustavson



Capt. Sawyer

Heroes from Several Banks

The Distinguished Flying Cross was awarded to Captain ANDREW S. SAWYER, formerly a teller with the Manufacturers Trust Company, New York, for service in the South Pacific, where he completed 90 flying missions before returning home on furlough.

The Distinguished Flying Cross was awarded to Lieutenant MURL DAVENPORT, an employee of the Industrial National Bank in Detroit, for outstanding service in leading his flying squadron against a Jap bomber formation, destroying one and routing the others. He has six Jap fighters to his credit as the distinction of risking his life to rescue a Navy pilot who had been shot down at sea.

Lieutenant JAMES T. ELIZER, of the American National Bank, Nashville, Tennessee, took off for England at the controls of a B-17, which he christened "Old Hickory." For his gallant service over the Continent of Europe he has been awarded the Distinguished Flying Cross, the Air Medal with three Oak Leaf Clusters, and the ribbon of the European theatre of operations with a bronze star.

(CONTINUED ON PAGE 101)

Burroughs Leads . . .

in dependability
of mechanical
service

Burroughs Mechanical Service Provides These Advantages

- 1 Burroughs service is rendered by factory-controlled, factory-trained, salaried representatives whose work is guaranteed by Burroughs.
- 2 Every Burroughs service office is stocked with genuine Burroughs parts to meet any service need.
- 3 All Burroughs service men are promptly and fully informed about every improvement in service, every new feature or mechanical change.

Bankers will remember for long after the war that Burroughs didn't let them down when the going was tough. The Burroughs organization maintained its smooth service while many service organizations were finding it impossible to give satisfaction.

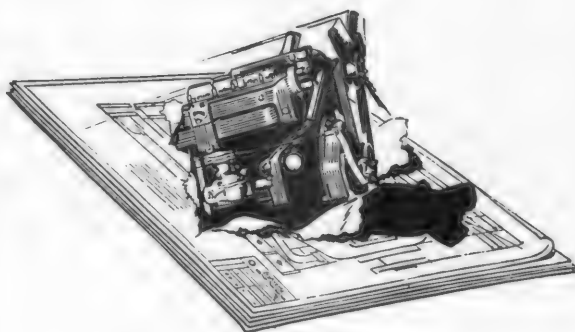
The dependability of Burroughs Mechanical Service in wartime didn't just happen! Today's experienced, highly-trained service organization is the natural result of a farsighted policy of careful planning, constant study, continuous training and close supervision . . . a policy adopted in recognition of the fact that a product can be no better than the service rendered.

Bankers realize now more than ever that when comparing machines an important factor is *dependability of service*—still another point of superiority in Burroughs machines . . . still another way in which Burroughs leads.

1st Burroughs

IN MACHINES
IN COUNSEL
IN SERVICE

Another Continental Achievement that AMAZES even us



DOING the impossible has become such a routine matter with us at Continental that we have had to continually expand our horizons of what human ingenuity is capable of doing. Now and then, though, we do get a challenge that stretches even our credulity.

There was the time, for instance, when a customer just had to have a special engine of 225-235 H.P. within 60 days. Ordinarily, a year would be none too much time to draw up the design, make the parts, do the testing, remove the bugs, and get set for production, but all that had to be shrunk down into a 60-day period. It was not only asking the impossible; it was flaunting all reason.

But Continental did it — in exactly 59 days, and the finished product exceeded all expectations!

It is one thing to have the know-how for tackling these many and diverse power problems, and quite another to have the production skill for doing the impossible with split-second co-ordination of all hands. Continental has both — a fact that holds tremendous promise for the age of peace when the power to win will be even more significant than the present loosening of power for the destruction of enemy forces.

John
President

Continental Motors Corporation
MUSKEGON, MICHIGAN

POWER TO WIN



By the Way

The War Production Board seems to have had some splinters in it.

Governments trim their expenditures when there is nothing left to trim.

Some business men are probably going to find out during reconversion that they have been working on the loss-plus plan.

The ambitious folks who are always trying to introduce simplified spelling might read some of the papers written by our recent high school graduates.

If the nations of the world put teeth in a new league of nations, we hope they are wisdom teeth.

No tree bears fruit like the plum tree in an election year.

Most men never get so pessimistic that they can't see the bright side of the other fellow's misfortune.

We won't actually know what the various nations are fighting for until we see what they take after the war is over.

The great problem that worries industry is whether what's ahead is the coming dawn or the coming down.

It's certain that there won't be any old clothes problem in the post-war period. The kind you buy now wear out before they get that old.

The patron saint of politics is Phineas T. Barnum.

If prices ever start coming down, they probably have parachutes with them. At any rate, we don't anticipate any serious bruises.

The great post-war question is not when the country is coming to, but when it's coming to.

We hope it won't be too long after the war before they start marking \$250 used cars down from \$1,000 to \$800.

There is a very close relationship in international affairs between "oil" and "embroid."

The trouble with modern civilization is that we so often mistake respectability for character.



An Even Bigger Job Ahead

V-E Day marks the beginning of an even bigger job—a two-fold job of redoubling national effort to speed V-J Day, and at the same time getting ahead with reconversion, upon which peace-time jobs depend. Bankers Trust Company offers its facilities and experience, in full co-operation with other Banks, to meet the needs of Business and Industry. Consultation is invited on any loaning problem in which it is felt we can be of help.

A Bankers Trust Company Service

BANKERS TRUST COMPANY

NEW YORK

Member of the Federal Deposit Insurance Corporation

ASK THE PILOTS and MECHANICS

The Army and Navy pilots and mechanics who have handled Beechcraft bomber trainers, navigation trainers, and transports are numbered in the hundreds of thousands.

These hard-working and hard-fighting men have very definite ideas about airplanes, developed through years of experience under all operating conditions.

We suggest a solicitation of their opinions about Beechcrafts.



Official photographs U. S. Army Air Forces

Beech Aircraft

C O R P O R A T I O N

BEECHCRAFTS ARE DOING THEIR PART



WICHITA, KANSAS, U. S. A.

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

OCTOBER 1944

The Reconstruction of Foreign Trade

CLARK H. MINOR

MR. MINOR has long been identified with foreign trade. He is president of the International General Electric, a subsidiary of General Electric Company, handling the business of the corporation in all parts of the world except Canada and the United States. He is chairman of the Reconstruction Committee of the National Foreign Trade Council and chairman of the Executive Committee of the Committee on International Economic Policy.

THE success of our post-war economy will depend on whether it can provide jobs at reasonable compensation for all who desire and are able to work. Only a harvest of "sweat and tears" of frustration will be reaped by our economic planners who lack the vision to realize that since our domestic economy is only a segment of a broader world economy, its ability to produce full employment depends upon its being coordinated with the world economy. The point of contact between domestic and world economy is in our foreign trade. To have a healthful domestic economy with full employment it is essential that our foreign trade be kept at a maximum and that goods and services flow freely in both directions across our borders.

A better understanding of the laws of international trade has brought with it a realization that over a long period of years a large volume of export trade must be balanced by a correspondingly large volume of imports in the form of goods, services or gold. To assure a continuing large volume of international commerce it is necessary that each country improve its standards of living and thus increase the purchasing power of its people. With our advanced industrial technique we can unquestionably contribute much to the struggle for higher standards in other countries. If, however, we appear as philanthropists our motives will be questioned and the result will be suspicion, misunderstanding and finally resentment. Our assistance must be made available through orderly, sound business methods and procedures.

To restore a healthy world trade we have a lot of rubble to clear away. The economic centers of gravity have been permanently changed by the war. Many of the normal channels of private trade have been obliterated by military needs. Economic warfare is an integral part of war, and while an extensive system of government

controls over private business transactions has been essential as a war measure, those controls must be gradually relaxed as conditions warrant—even before final peace—if the incentive which is inherent in the private enterprise system is to be restored.

Dr. J. B. Condliffe has aptly called such gradual relaxation a process of "controlled decontrol." He states further: "Stability of exchange in a free market can only be the consequence of the gradual restoration of active trade and investment. The sooner trade can be released from wartime controls to the initiative of private traders and the more such initiative can be enlisted in the gigantic task of reconstructing the network of world trade, the speedier will be the return to prosperity and stability to an impoverished and war-torn world."

As a great world power we have a challenge and an opportunity to promote a sound foreign trade policy that will rebuild a prosperous world. First of all, we must recognize that fundamental changes have taken place and we must bring harmony and balance out of

"... a large volume of export trade must be balanced by a correspondingly large volume of imports..." Below, asbestos from Cyprus is unloaded at New York

CUSHING



the chaos created by a world upheaval. To do otherwise is to lose the chance of establishing a peaceful world in which production and the interchange of goods and services can establish higher standards of living for the peoples of all countries. Only a prosperous world can long remain at peace.

Some years ago there was an earthquake in the Southern Pacific that changed the course of the Peruvian current from which the guano birds obtained their food. The birds continued to fly out to the old feeding grounds but found no fish, for the fish had moved away with the current. As a result, millions of guano birds died before they were able to locate new feeding grounds. The social, political and economic earthquake that we have experienced requires new orientations, new techniques and new methods of international cooperation.

The conditions under which the reconstruction of foreign trade can be accomplished have been well stated by the National Foreign Trade Council: "It is the function of government in foreign trade to provide a framework of sound national policy and of international convention within which the private trader may carry on his normal activities. It should be the purpose of government to facilitate the interchange of goods and services to the maximum by providing reasonable security and rules of conduct under which private enterprise may operate. We see it as the function and purpose of private enterprise itself to develop that maximum volume of total world trade upon which the welfare of the world, and hence our own domestic welfare, must ultimately depend."

Recently the International Monetary Conference was concluded at Bretton Woods by the representatives of the United Nations with recommendations for the establishment of mechanisms to stabilize the currencies of the nations, to assist in insuring the availability of exchange for foreign purchases and to make international loans under certain conditions. While there has been much debate as to whether the mechanisms recommended are capable of attaining the hoped for objectives, there is no dissent as to the desirability of the objective. It is the job of the exporter and the importer to make use of these monetary facilities to create the reciprocal flow of goods and services. What is more important than either the mechanisms or the objectives is the fact that the conference was held. Here we have an

"To have a healthful domestic economy with full employment it is essential that our foreign trade be kept at a maximum and that goods and services flow freely in both directions"

PAN AMERICAN AIRWAYS



exemplary procedure for solving international problems—multilateral debate in the democratic manner at an international conference table by international authorities. The discussions and compromises incidental to such a conference inevitably lead to a better understanding among the participants and greater sympathy for each other's viewpoints.

[Editor's note: Since this article was written, Winthrop W. Aldrich, chairman of the Chase National Bank and of the Committee on International Economic Policy, has proposed a substitute plan for the Bretton Woods proposals. On the ground that currency stabilization and foreign investment would "rest on an ephemeral basis" unless international trade channels were reopened, Mr. Aldrich suggested, among other things, the negotiation of international agreements for removing trade barriers and establishment of a definite relationship between the dollar and the pound.]

WE have learned from experience that a division of labor in our national life is essential if we are to have leisure time. We cannot enjoy the full pleasure of our homes if we tap our own shoes, butcher our own meat and bake our own bread. We satisfy our needs not only from our neighborhood store, but also from the stores in adjoining communities, because we have found that each carries different goods and represents different skills. Likewise, people in adjoining communities patronize our neighborhood store and this interchange all over our country constitutes the flow of commerce and measures our economic activity. Our reciprocal trade agreement policy represents a program to extend such division of labor to the international scene. We should make this program a permanent part of our announced international policy and strive generally for an equitable adjustment of all trade barriers, whether caused by tariffs, quotas, exchange controls, subsidies or other artificial mechanisms.

At the same time our Government must permit American business and finance abroad to operate without excessive controls and regulations and on terms commonly accepted by other nations. International trade should not be a matter of politics, nor should our trade be handicapped by the ideologies prevailing within foreign countries. A more helpful and cooperative relationship must be established between business and government to insure national laws and regulations which will place our traders in a competitive position with those of other countries.

THE Department of Commerce, and especially its Bureau of Foreign and Domestic Commerce, under whose guidance with the aid of the Department of State business and industry formerly conducted trade in other countries of the world, should again become an effective operating organization for the promotion of American foreign trade and investment. It seems evident that the agencies whose genesis and functions were primarily to facilitate the war effort must, with the return of peace, give way to the normal departments of government. In any event, all functions of these wartime agencies should

(CONTINUED ON PAGE 114)

BANKING

A Rubber Check for War Bonds

MYRON STEARNS



This is another in a series of fictional articles written for BANKING by MR. STEARNS.

HENRY STRINGMAN, the druggist, came into the Capital City bank on Monday morning with his weekend receipts. He was a tall, spare man with streaks of gray in an otherwise vigorous mop of black hair.

"How are you, Clarence?" he asked the teller. "Get a good rest yesterday?"

"Good morning, Mr. Stringman," Clarence Buell answered. He took the account book, with its sheaf of bills and checks. "Yes, I had a fine Sunday."

As he checked the different items in the deposit he noticed a larger check. "Hm," he said, almost involuntarily, "there's a bigger check than the run, isn't it?" It was a comment, rather than a question, on a government allotment check for \$110.

"That government check? Yes, I cashed it for a man yesterday."

Clarence Buell turned back to the check and noted the two signatures on it, above the druggist's own endorsement. He knew that Mr. Stringman was more than ordinarily cautious about cashing checks for strangers.

"Somebody you knew personally, I reckon."

"No," the druggist admitted. "Never saw the man before in my life. And all he needed was a prescription filled, for a couple dollars." He smiled at the teller's mystification.

"Think I must be losing my grip, Clarence?" He chuckled after the pause. "Well, I'm not. That check's O.K. The man's staying at the State Hotel for a month or more, and left a \$500 bond with me as security until the check clears. Couldn't ask more than that, could you?"

Buell stared at him. "Government bond?" he asked. What in the world did that suggest to his mind? Something, but he couldn't tell what.

"Nothing else but. Made out to him at his home address, Sunbury."

Clarence Buell added the total of currency and checks the druggist had handed him, made his entry, and returned the pass book. Another depositor was waiting.

The druggist took the book and started to leave the bank, stopping just inside the door for a moment to greet a neighbor.

Suddenly something clicked in the teller's mind. "Mr. Stringman!" he called. The druggist was just going out the door. He turned and came back.

"Could you wait a moment?" Buell asked. "I want to show you something. It's—it's only on a sort of hunch, as you might say," he added apologetically.

"Why, certainly, Clarence," the drug-store man answered, glancing at his watch. "Won't be long, will it?"

As soon as he was free Buell left his window and went to a table at the back of the room. He picked up a bank bulletin issued at the state capital and brought it back with him.

The item that had caught his attention, and had been brought back to mind when Stringman mentioned receiving security from a stranger for whom he had cashed a check, concerned the sale of two \$500 government bonds from volunteer bond-booths to a suave, smooth-shaven stranger of medium build, with brown hair. Both of the commercial checks given in payment for these bonds had bounced. The maker was not even known at the banks on which they were drawn. He was simply a smooth crook.

Mr. Stringman stared at the item.

"It might mean something—and then again it might not," he said, swallowing an imaginary cud of anxiety. "Think I ought to call that fellow's hotel?"

"I got a better idea than that," Buell answered. "Secret Service. This stuff is right up their alley, and they might want to take a look at your bond, just on the far chance."

He called the regional office of the Treasury Department bureau.

"They'll send an agent right over," he said, "even though the chances are everything's all right."



The druggist waited at the bank until the Secret Service man stepped in and took a look at the \$110 government allotment check.

"It's less than a week old," he said, doubtfully, "so it's not likely to have been reported yet, even if it was

(CONTINUED ON PAGE 106)

Credit History

The Paddle-Own-Canoe Movement

JOHN L. COOLEY

THE mobilization of American banking for the aid of small business during the reconversion and post-war period is proceeding rapidly these days as bankers, individually and in sectional meetings throughout the country, perfect their non-competitive plans for lending.

State bankers associations, clearinghouses, city banks with extensive correspondent connections, and regional groups of banks are acting along lines suggested by the Post-War Small Business Credit Commission of the American Bankers Association to assure adequate credit for the businesses that are the backbone of American economy and community life—the “little fellows.”

Make Loans Bankable

If this gigantic program had a slogan it might well be “Make Loans Bankable,” for these three words express the spirit of banking’s determination that no competent borrower shall be handicapped in meeting his post-war problems by a lack of credit.

That is the point being emphasized by speakers at the nationwide series of regional meetings which the Commission is holding this Autumn in cooperation with state bankers’ associations. As Robert M. Hanes, Commission chairman, puts it: “American banks will see that small business lives and is given the opportunity to grow and prosper.” And because the growth and prosperity of small business are essential to the welfare of thousands of American towns and cities, the efficient distribution of credit goes down to the grassroots.

Left, at the special meeting of the Georgia Bankers Association: Front row, l. to r., Robert M. Hanes, H. Lane Young, Walter B. French; back row, Herman Jones, Jr., George Lewis. Right, at the New England small business credit meeting in Boston



Mobilization Procedures

A general pattern for the meetings that are promoting the program has been laid by several bankers’ groups. Georgia mobilized on a statewide basis at a special meeting of her association in Atlanta on Labor Day, after the Atlanta Clearing House Association had endorsed the general plan. New England bankers took similar action in Boston on September 11, while in the Middle West, gatherings at Cincinnati and Chicago later last month brought together bank representatives.

In addition, various types of group organizations are being considered, including statewide and local plans for group participation in loans. The Wisconsin Credit Policy Commission has also launched a program and the Virginia Bankers Association set in motion plans for stimulating small business loans.

On still another front, Minnesota, the St. Paul banks published a group advertisement pledging their “whole-hearted support” to facilitating the reconversion of business and announcing their readiness to provide not only short-term credit, but loans for purchase of merchandise, installation of fixtures and equipment, improvements to business property, “or any other sound business purpose.” The banks assured prospective borrowers that “no application is too small to receive our painstaking and sympathetic consideration.”

What Georgia Did

The four banks of Atlanta’s clearinghouse met early in August to hear the report of H. Lane Young, president



in the Making

of the Citizens and Southern National Bank, and Georgia's representative on the A.B.A. Commission which had just held its first meeting in New York City. Pledging its unqualified cooperation in the program, the clearinghouse authorized its president, Robert W. Strickland, president of the Trust Company of Georgia, to appoint a committee to guide the work.

In an editorial titled "The Banks Act with Vision," the *Atlanta Constitution* hailed the clearinghouse action. "The times demand leadership," it said. "It now is being supplied."

"In a sense," asserted the newspaper, "this is one of the most encouraging news stories of this generation. . . . It is gratifying the banking leadership of the nation realizes that a great portion, perhaps all, of what has come to be called 'government interference' grows out of a need that is not otherwise met.

"This is the sort of leadership the country has a right to expect. It is positive, not static, it does not deplore conditions, it acts to meet them. . . .

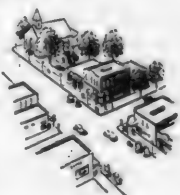
"Having set their hands to the plow, so to speak, the people will follow with avid interest the workings of the plan. The banks and the people cannot allow it to fail."

ON September 4 the Georgia Bankers Association, convoked by President David J. Arnold, vice-president of the Commercial Bank and Trust Company, Griffin, for the purpose of "preparing to meet the problems that confront our country for financing post-war agriculture, commerce and industry as well as the conversion from war to peace economy," met in Atlanta's Ansley Hotel. More than 250 bankers, representing virtually every bank in the state, heard the program explained by Mr. Young, Chairman Hanes, A.B.A. Deputy Manager Walter B. French, and George Lewis, vice-president, Lewis State Bank, Tallahassee, Florida's Commission representative.

The Georgia bankers also heard Herman Jones, vice-president of the First National Bank of Atlanta, sound what might be called the keynote of the lending plans. Speaking on behalf of his city's clearinghouse, Mr. Jones outlined what those banks were prepared to do in furthering the extension of credit. The Atlanta institutions, said Mr. Jones, have on their staffs numerous credit experts whose knowledge and experience are being made available to all banks in the state. Association members were invited to consult with these men at any time—and without obligation.

Further, the banks were told that if they got loans larger than they could handle, the Atlanta clearinghouse members would be glad to take the excess. And again, if a bank made a loan and then, for any reason, didn't like it, the "big city" institutions would take the whole credit and pay the original lender a service charge.

Speakers at the meeting emphasized the importance of keeping the post-war lending in banks rather than



We Welcome the Accounts of SMALL BUSINESS ENTERPRISES

HELPING small enterprises finance war contracts, carry inventories, discount bills, buy materials, meet payrolls and conduct their operations on a sound and profitable business basis is one of the major activities of our bank.

The First National Bank of Birmingham is ready to help

YOU and POST-WAR PLANNING

★ EVERY COMPETENT MAN, WOMAN, FIRM, OR CORPORATION THAT NEEDS BANK CREDIT CAN SECURE IT IF THE PROCEEDS ARE USED FOR SOME CONSTRUCTIVE PURPOSE THAT WILL SERVE THE PRIVATE ENTERPRISE ECONOMY OF THIS COMMUNITY.

★ THIS IS THE DYNAMIC CREDIT POLICY ADOPTED BY THE POST-WAR SMALL BUSINESS CREDIT COMMISSION OF THE AMERICAN BANKERS ASSOCIATION. FIFTEEN THOUSAND OF THE NATION'S BANKS ARE BEING MOBILIZED NOW FOR THIS NEW AND FORWARD-LOOKING PROGRAM THAT WILL ASSURE ADEQUATE BANK CREDIT TO MEET THE NEEDS IN THE POST-WAR AND RECONVERSION PERIODS.

Anticipating the close of war, every man, woman,

From an advertisement of the First Huntington (West Virginia) National Bank

letting it go to government credit agencies. The convention went on record as approving "the arguments advanced against future participation of the Government in the business of making, insuring, guaranteeing loans in any form; more particularly, the Murray bill, the Taft bill, and the bill proposing to vest the Federal Reserve System with the power of guaranteeing loans."

The association also resolved that "the banks of Georgia hereby again pledge themselves to fulfill all legitimate demands for credit by competent persons, firms and corporations," and stated that "this new declaration of policy confirms the attitude and position that banks have long occupied for granting and seeking all legitimate applications for credit; we hereby deplore the exaggerated form that has been imputed to the unfilled demand for credit."

Telling the Borrower

Obviously, the vast American credit reservoir—the largest the world has ever seen—is useless unless tapped, and so an essential part of the lending program is action

by the individual bank to tell prospective borrowers that it is ready to help them.

A number of valuable tools are at hand for helping to tell the story. Many banks are organizing small business departments, headed by competent loan men, in which the program will center. Larger institutions are developing the correspondent angle, even to the extent of calling in their correspondent banks and telling them, at informal meetings, that they'll have the support of the bigger bank in their lending activities.

The American Bankers Association has prepared a publicity kit, comprising newspaper advertisements, poster, a mailing piece, talks for bankers, and information on credit problems, which is being distributed to its 15,000 members as an aid in promoting loans.

THE booklet, "Your Post-War Program and Your Banker," published by the Financial Advisory Committee of the Committee for Economic Development, and reviewed in the September issue of *BANKING*, is being widely circulated. The Association has sent a copy to each member, while the CED itself is passing along copies to its several hundred local committees which, in turn, put the booklet in the hands of merchants, manufacturers and other business men. It will be recalled that the pamphlet stresses the point that the small business man should talk over his credit problems with his banker; it also outlines the types of bank credit and in general familiarizes the business man with the procedure of obtaining and carrying a loan.

The local CED units are suggesting routines for community trade group meetings for discussions of credit matters.

Many other ideas and procedures are constantly being developed, so that this outline is admittedly incomplete.

Strategic Meetings

Here is the list of meetings scheduled for October and November by the Post-War Small Business Credit Commission of the American Bankers Association:

OCTOBER 11, RICHMOND—*District of Columbia, Maryland, North Carolina, South Carolina, Virginia.*

OCTOBER 20, SAN FRANCISCO—*Arizona, California, Nevada, Oregon, Washington.*

OCTOBER 23, DENVER—*Colorado, Idaho, Montana, Utah, Wyoming.*

OCTOBER 26, DALLAS—*Arkansas, New Mexico, Oklahoma, Texas.*

OCTOBER 30, NEW ORLEANS—*Alabama, Florida, Georgia, Louisiana, Mississippi, Tennessee.*

NOVEMBER 9, NEW YORK—*Delaware, New Jersey, New York, Pennsylvania.*

Meetings were also held September 11 in Boston, September 18 in Cincinnati, and September 28 in Chicago.

Some states have already planned their own meetings immediately following the regional sessions. The North Carolina association has invited its members to a meeting in Raleigh on October 12.

BANKING would like to hear about any plans and promotional ideas for helping the job undertaken by the Post-War Small Business Credit Commission.

If at First You Don't Accede

*Banks will probably get many unusual and difficult credit applications during the reconversion period, just as during the conversion to war period. A number of bankers have been asked by *BANKING* to relate how they have made such credit applications bankable. The following cases represent a variety of resourceful techniques, which enabled bankers to handle loans that looked poor at first glance or perhaps had even been refused elsewhere. These techniques will undoubtedly find wide use in the days ahead.*

IN 1941 a small manufacturer obtained, by bid, a Navy contract for synthetic soap. The amount was less than \$2,000 and the maker used his working capital entirely for the purchase of necessary equipment, anticipating that there would be future orders from the Navy for similar materials. The wholesalers refused to extend credit and he had to pay cash for raw materials and for the containers.

His request for a \$1,000 loan was turned down by the bank with which he had been doing business for some time because "it was too small to bother with." While driving through a neighboring town the manufacturer decided to visit the four banks there.



One of the banks in this town agreed to make the loan upon an assignment of the proceeds of the contract with the Navy and upon the stipulation that the bank draw the checks in payment of the raw materials. Of course the bank made an investigation of the manufacturer's integrity and ability, both of which were satisfactory. The enterprise underwent a tremendous expansion. Before 1941 was over the bank disbursed to the manufacturer a total in excess of \$90,000, all on assigned Navy contracts; in 1942 it disbursed a quarter of a million dollars to him, again on assigned contracts. At times the bank had to call upon its correspondent to take the excess line.

In 1943 the volume was a little less, only \$200,000, and by May 1944 the bank had disbursed about \$100,000. During this time the manufacturer has purchased his own factory, added to his equipment, and is now obtaining contracts from the Army and the Navy, as well as supplying materials direct to several war industries. The bank takes assignments of accounts receivable as

well as assignments of his war contracts. What a golden opportunity his own bank and the other banks missed!

A BIG city bank learned that a company having large government contracts was dealing with three small out-of-the-county institutions, none of which was fully able to handle or service a loan of six to seven figures. This bank was accustomed to work in close harmony with the smaller banks in the outlying sections, and in many cases assisted smaller banks whose loaning facilities were not sufficient to care for the requirements of prospective borrowers in their own communities. An officer of the big city bank described the development of the case this way:

"A representative of our credit department reviewed the situation with the three banks, explained to them our method of lending on an accounts receivable basis, and in this manner we developed for our own institution a \$275,000 loan to start with and the three out-of-town banks participated in the loan. They received 6 per cent interest for their share and we received 4 per cent. We serviced the loan, and all of the four institutions involved have had an extremely satisfactory experience.

"Several months later the company received a contract from one of the armed services for several million dollars. This necessitated the extension of a line of credit of \$750,000 under Regulation V. We again reviewed the figures, approved a line of credit, drew up a loan agreement and serviced the loan, receiving in this particular case a lower rate of interest, but the local banks were permitted to charge a rate a little higher. The loan has been paid in full, the local banks have kept a satisfied customer in their own communities, and our institution has benefited by having an account from each of the three local banks. We have assisted the three banks in a number of their credit problems and have shown them how to work out the details of not only a V-loan but all term loans as well.

"In this case the requirements of the borrower were taken care of satisfactorily and accounts were maintained in all of the banks involved. This is an indication of how the larger banks can work with the small banks. . . ."



A MANUFACTURER of fire fighting apparatus came to a bank in 1932 for financing assistance. The statement displayed an insolvent position. The principal creditors, however, were friendly and with their cooperation the bank agreed to make loans, taking as collateral the assignment of

orders which the company received from time to time. Since the assignment of monies due or to become due under these orders did not in itself constitute too good collateral, the bank also had an arrangement whereby the materials which were purchased to fill these orders were under trust receipt to it.

The bank made numerous loans to the company during the period from 1932 to 1942 and since that time has assisted it in financing a large contract for the War De-

partment. In this instance a \$225,000 Regulation V loan was arranged. When this contract had been completed and the loan paid, the bank again assisted the company in production for the Coast Guard and the Navy with a participation agreement issued by the Smaller War Plants Corporation.

The company has met all commitments as agreed and the present financial statement shows a solvent position.



A BAKING company found itself in straitened circumstances due to its inability to reduce its costs. When it came to the bank there were already loans outstanding with three lending institutions. After reviewing the figures and calling in baking experts on production costs and other aspects of

the problem, the bank decided to accumulate all the loans and lend the company an additional \$100,000 in order to revamp its plant. A five-year term loan of \$300,000 was made with a provision for definite monthly reductions. The plant was put in proper shape, costs were reduced and the profits were sufficient to liquidate the loan according to schedule.

The company is now out of debt to the bank. It maintains substantial six-figure balances and is on a dividend basis. It is one of the leading low cost, profitable baking firms in its section of the state. Furthermore, since that time the bank has developed substantial trusts with all of the officers of the company.

AN UNUSUAL credit incident occurred in the early Thirties, when an audit by independent accountants revealed grave irregularities in the accounting of a bank customer whose seasonal requirements the bank was financing on an unsecured basis. Heavy inventory speculations had occurred for account of a subsidiary and were financed by a third bank unbeknown to this bank or to the second bank handling the account. There was a heavy loss in this inventory and the situation was considerably complicated by the fact that the lending bank was closed and the company notes had been pledged and turned up in the collateral of a large city correspondent.

At a conference of the auditing firm, the two active banks, and the management, the situation was discussed in detail. It was easy to take a gloomy view because the position shown was very close to insolvency. Immediate liquidation would have meant substantial losses to creditors. On the other hand, the company had on hand a considerable volume of orders on a profitable basis, and the market for raw materials, on which the company was considerably overloaded, had taken a definitely upward turn. The long range trend appeared favorable. It was therefore decided to continue operations.

An excellent comptroller was put in by the banks, very substantial loans were made on the security of accounts receivable; the warehoused raw materials were freed from the control of the city correspondent bank under an agreement whereby periodic payments would be made on the notes pledged there by the closed bank; heavy obligations to the principals were subordinated,

and ultimately operations proved very successful.

Here was a situation where a business was saved, appreciable losses to the banks were avoided, and a successful and substantial customer was created under new management. This was accomplished without recourse to a finance company but by the intelligent use as collateral of practically every liquid asset of the business. Incidentally, this concern now enjoys legal limit unsecured lines.

DEPRESSION losses for a number of years caused a Pennsylvania manufacturing concern to lose most of its working capital. In early 1940 the current ratio had been reduced to 1.28 to 1. The line had been redesigned, selling methods changed, and it was felt that the company had an opportunity to go forward. But it presented a difficult credit problem from the bank's point of view.

The management of the business had fallen to sons of the founder, who had died leaving his personal estate in trust for his widow. Capital was needed and the new management did not have personal assets which could be made available. The plant assets, net of depreciation, amounted to \$285,000 and were encumbered by a \$30,000 mortgage payable to the estate of the deceased principal. An industrial mortgage in sufficient amount to pay

the indebtedness to the estate and provide working capital was out of the question because of the lack of demonstrated earning capacity of the preceding several years.

So that a credit advance by the bank would not be subjected to the calling of the first mortgage, the bank requested the management to obtain from the estate of the father the pledging of the first mortgage as collateral to an advance of an equal amount. This enabled the concern to build inventory; when it was sold, the bank discounted accounts receivable, which in turn enabled the company to discount their material purchases.

The business has since been able to operate profitably. Sales were increased from \$340,000 annually to \$1,800,000. Loans against accounts receivable reached a peak of \$104,000, in addition to which the bank loaned them \$20,000 unsecured and continued to lend them against the mortgage. As of the present date, the mortgage indebtedness has been reduced to \$5,000, which is carried for their convenience, their receivable borrowings approximate \$50,000, and their unsecured debt is paid off.

The management likes to use accounts receivable for their financing because it automatically expands and contracts with their requirements; in fact, they prefer it to an unsecured line of credit.

Plenty of Cooks

HERBERT BRATTER

Due to the congressional recesses and preparations for election, Washington efforts to legislate on credit for small business have been slowed down. Some recent and pending government measures of interest to banks are described below.

The "GI Act"

THIS law was approved in June, but as we go to press the Veterans Administration is still hard at work preparing to promulgate the regulations which will govern loans under the act.

The new law provides for loans to veterans for the

purchase or construction of homes, farms and business property. Of these loans, up to \$2,000 may be guaranteed by the Administrator of Veterans' Affairs to the extent of 50 per cent, with the first year's interest on the guaranteed part paid by the Administrator. Loans guaranteed by the Administrator are limited to 4 per cent interest and 20-year maturity. Eligible for guaranty are loans made by individuals, firms, associations, corporations, and government agencies. Thus the guaranty features are of far-reaching scope.

Even in cases where a loan already has been made, guaranteed or insured by a Federal agency, a veteran may under the GI act arrange an Administrator-guaranteed loan to cover the rest of the purchase price or construction cost, to the extent of \$2,000, so long as such second loan does not exceed 20 per cent of the cost or purchase price of the property and the interest does not exceed by 1 per cent that on the principal loan.

Loans for repairs, alterations and improvements are also eligible for guaranty, as are loans for paying delinquent indebtedness, taxes, or special assessments on residential property owned by a veteran and used as his home.

Specifically provided for in the act are loans to veterans for purchase of farm land, buildings, livestock, equipment, machinery or implements, or for the repairing, altering or improving of these. Loans for business land, buildings, supplies, equipment, machinery and tools are also especially provided for.

The full implications of the loan provisions of the GI act are not yet apparent and the drafting of regulations has been unusually difficult. From this, and from

(CONTINUED ON PAGE 109)

The Industrial National Bank of Detroit has set up special facilities for small business



Announcing
a new

**SMALL BUSINESS
LOAN DEPARTMENT**

In our desire to further make the services of this bank more useful—now and after the War—we have included in our "Post-war Peace Plans"—a department to be known as our new "Small Business Loan Department." This department, located on our third floor, is

Seven League Boots for Business

THOMAS C. BOUSHALL

MR. BOUSHALL is president of the Morris Plan Bank of Virginia, Richmond.

IN THE early 1900's bank credit was reputedly available to no more than 20 per cent of the people. Relatively few individuals had checking or savings accounts or borrowed money from banks. The resources of the banks reflected this fact. They reflected, too, the relative poverty of our economy.

For example, in 1900 our national income was \$16 billion. Our national wealth was \$80 billion. But in the succeeding 30 years our economy began to respond to the broad concept that the consumer was the key to production if more people could be brought within the purview of a market for newly developing useful items. Electricity was becoming more widely used, with all its collateral equipment. Automobiles were appearing more broadly in the land. Small but comfortable homes were being designed. Mechanical refrigeration, plumbing, and central heating were on the move.

Too, there emerged a financial mechanism whereby the people could acquire all these things and pay for them as they were being used and enjoyed. Every time the market was widened, the price fell. Every time the price was reduced, the market widened. Consumer credit, instalment terms of liquidation, with a cash down payment as earnest money, became the seven-league boots by which consumption ran forward. Reducing prices through mass production accelerated the process.

Good roads were rapidly built out of increasing revenue from gasoline sales. Farm and market came closer together. Town and country met. Consolidated schools were developed because buses could run economically on smooth highways. The movies were accessible

"In the early 1900's" . . . New York's Grand Central Station, circa 1900



to rural people. A whole surge of movement got under way in a broad economic and social revolution.

Consumer credit was an essential agent in the entire series of connecting links that brought power farming to the fore; that took workers away from factory slums to suburban homes and brought rural residents to factory doors as workers; that reduced the needed workers on the farm and added to the available industrial workers in the towns; that stepped up production from tens of items to thousands, from thousands to millions.

By 1930 our national wealth had grown to \$412 billion; our national income to \$80 billion. Each had been multiplied by five times in 30 years. This wealth and income was distributed among 130 million people. It was not concentrated in the hands of a ruling few, with rural serfs and industrial slaves toiling for a mere existence of bread and shelter. The individual citizen—as a potential consumer, a worker producing goods and participating in the wealth—was creating and using that higher wage to buy homes and comforts, cars and pleasures for himself and his family; he was emerging into the limelight as the primary unit of concern to industry, to government, to finance, and to the whole of society.

WE hear much of the revolution of the common man. We hear lots about democracy. We hear the deep spiritual notes of humanitarianism. We have communists, socialists, and demagogues telling the people to rise and claim their due. Politicians promise ease and security, comfort without effort, and satisfactions without risks.

What has really happened is that industrialists and bankers, merchants and farmers have learned how to produce goods on a vast scale and to get these goods into the hands of consumers who are paid enough, not necessarily to buy the larger items for cash, but to be able to liquidate the costs out of the incomes they earn, which incomes afford substantial margins above the cost of three meals a day and a roof by night.

All the organization of government, all the artificial and unreal economics of sloe-eyed dreamers in bureaucratic halls, could never have nor ever will create the revolution of the common man that business, banking, and farming have developed in a tight combination of gears that meshed the driving power of human energy and skill into the production, distribution, and consumption of goods. This flow of production has poured like a Niagara of plenty over this land in the past 44 years.

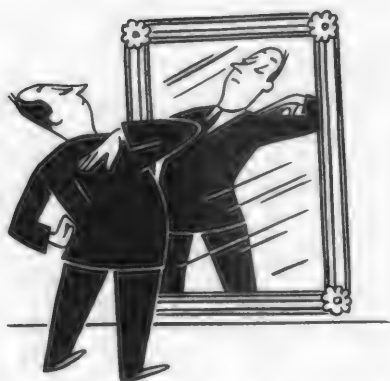
Today banking is available not to 20 per cent but to 80 per cent of the people, and is headed for all but a 99 per cent area of usefulness.

The stimulus of war has materially increased our mechanics of production through marvelously improved

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Three Cheers for Us!

LEWIS F. GORDON



"Self-deception is one of the easiest of human practices. It is always simple to agree with one's self that we are doing and have done the right things. . . ."

MR. GORDON is vice-president of the Citizens and Southern National Bank, Atlanta, and president of the Financial Advertisers Association.

WE are the most highly merchandised and advertised nation in the world. As a result we are a nation of catchwords, phrases and slogans. We love window dressing and seize avidly on that which sounds "dressy." As a result our undertakers have become "morticians," the good old plumber is now a "sanitary engineer." Thus it was that when the phrase "public relations" came into being, it flew from mouth to mouth as the coverall phrase suitable to describe anything from "throwing a party" to lobbying at the state capitol; seldom has there been more comprehensive prostitution of a phrase.

Yet in no sense does all this detract in any way from the fundamental principles which underlie the true meaning of the phrase, or minimize their importance in the field of banking.

Self-deception is one of the easiest of human practices. It is always simple to agree with one's self that we are doing and have done the right things. Because banks have always dealt with people—had relations with the public, so to speak, many bank men find it simple to dismiss the subject of public relations as something which has been an integral part of their business through the years.

IT ISN'T that simple—it can't be dismissed that easily—and, to put it baldly, very little thought or studied consideration has been given to it until recent years. The subject isn't even debatable because the negative record is too clear.

Lest all this sound as too harsh an indictment, let it be said at once that those bankers who became really awake to the need for studied consideration of the sub-

ject of public relations have in many instances done a masterful job. The only excuse for this discussion is the fact that there are still entirely too many who ignore it—the blind who are determined not to see.

Let's begin this discussion with some factual considerations. If any bank man denies these premises then this article holds nothing further for him.

(1) *Banking is dependent on mass and not class opinion. The economic status of the individual is not the determining factor in the future of chartered banking.*

(2) *The individual actions and the individual status of any single bank is not the only determining factor in assuring the continuance of that institution.*

(3) *Profits alone are not the determining factor to assure continued operation of any bank.*

(4) *Since banks deal with the most treasured material possession of human beings they are more susceptible to public reaction than any other industry in the nation.*

Before going further, let us analyze these considerations.

(1) Any challenge to the continuance of private chartered banking must come through legislative action. Legislative action which would involve the methods for handling the money of the nation as it flows would obviously be tempered by stern political considerations. Legislators proposing and voting such action would be well satisfied in advance that it met with popular approval—majority approval—of the voters, not of the important economic groups. Therefore it is clear that mass, and not class, satisfaction is the important consideration.

THE American people have had 11 years of education on the subject of mass voice and its power. They are now conscious of this power and are ready to make it manifest any time they decide, rightly or wrongly, that they are not satisfied. At the polls there is no distinction in economic status. Each franchised American is a voter with the right to express opinion and it is the majority vote and not the economic importance of the individual which determines the issue. Hence chartered banking is dependent on mass and not class opinion. It must therefore have mass and not class approval of its policies, services and operations. Q.E.D.

(2) It is the collective result of the collective actions of the collective banks of the nation which is the determining factor. It is of no avail to the single institution to have done a complete and splendid job in handling and serving the people of its community, if the prevailing opinion across the nation is antagonistic. Reference need only be made to March 6, 1933, the beginning of the "banking holiday." It was not a question of the individual bank and its status in its separate community. The individual bank was part of the American banking system and what happened to the system

happened to the individual bank. It closed along with the others.

True, it will be the individual policy and action of the individual bank, multiplied across the nation—doing a good job in this work of public relations which will finally bring about a favorable national opinion. This only serves to emphasize that every bank in the country which is not giving studied consideration to this subject is actually affecting and placing in jeopardy all the other banks of the country. Thus it becomes an individual job for the good of all.

(3) Profitable operation is by no means the determining factor for continuance of the individual bank. The banks hold a franchise from the American people and any time the American people decide that they do not like our banking system, the franchise is voided and profits are no consideration.

(4) Money is the most vital material possession of people. Around it pivot most of the dreams and ambitions of life. For that very reason banking is ultra-sensitive to public reaction. It is trite to say that there must exist the utmost trust and confidence on the part of people with respect to banks and bankers. Deposit insurance is a false prop. It will never have the strength which comes through a real job by the banker in building complete understanding and implicit trust and satisfaction through his studied effort to fit his bank to the times and conditions and the needs of people.

AGAIN let it be repeated—self-deception is easy to practice. The most deceptive yardstick by which to measure public relations is customer patronage, paradoxical as that may sound. Banking arose out of need and has been continued and accepted in whatever form it took, primarily as a medium of necessity. That is the most dangerous evolution in the world for any kind of a business because it never knows how much acceptance it has on the ground of complete and satisfactory service and how much solely on the score of need. People have to have a bank. A nation has to have a banking system. The use and acceptance of what exists and is provided does not in any sense prove that it is complete and wholly satisfactory. It does suggest to the forward-looking, thinking banker that on him falls an extra burden to do an intensive job of studying public need and public attitude. It does suggest that he has before

"It is the collective result of the collective actions of the collective banks of the nation which is the determining factor. It is of no avail to the single institution to have done a complete and splendid job in handling and serving the people of its community, if the prevailing opinion across the nation is antagonistic. . . ."

him constantly the dual obligation of understanding and being understood.

In the past there has been much criticism of—and antagonism toward—banks and bankers. Whether it had any foundation in fact is entirely beside the point. The realism of the situation is that it exists; the answer is—do something about it. That statement quickly finds support with these comments by two authorities.

Dr. W. H. HEPNER, professor of psychology at Syracuse University, puts it this way:

Many members of the public are woefully ignorant of the services rendered by corporations whose products they purchase and at times condemn. People tend to believe and perpetuate the "legends" they have learned about corporations.

Bernard Lichtenberg, president of the Institute of Public Relations, has this to say:

In this world, mark these words, it is singularly easy to have the wrong label pinned on you. Once it is pinned on, it is an almost impossible task to get it off. It is easy to get ideas into the public mind but it is hard and costly to get them out.

Here are sound warnings from men who know public opinion and public reaction. In so many words they are telling us that we cannot allow misunderstanding and unfounded criticism of banking to grow or it will become a legend which cannot be easily eradicated.

There is a condition which has always existed but which is becoming more fully recognized and identified. That condition can be described as the "social responsibilities of individuals and enterprises." This condition is practical and measurable.

Dr. Rex Harlow, associate professor of public relations at Stanford University, measures it with these questions: "How socially valuable are these individuals and institutions? Do they deserve to succeed because they contribute to the public welfare? Do the persons in charge of them have a highly developed sense of social obligation, of the part they and their institutions play in society?"

THOSE questions might have been aimed squarely at banks. Translate this further statement of Dr. Harlow in terms of banks and you will understand those questions better.

Those are important questions. No person or business can go along concerned only with the task of producing a salable product or service at the lowest cost and making it available to users in the easiest and most economical way. The social effects of the activity must receive careful consideration. All individuals and enterprises depend in final analysis upon their favorable acceptance by the public from which they secure their support. It is necessary, therefore, for them to act in the public interest and be recognized for so doing.

Let's reduce this to an equation which fits the banks of the nation. We hold the greatest part of the circulating money of the nation, deposited therein by millions of trusting Americans. We represent the concentrate of these millions of disorganized individuals. Our first social responsibility is obvious and has long since been recognized—the responsibility of fulfilling the trust of those millions of depositors by safeguarding their money.

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"Six Cars of Watermelons"



Banker Belle S. Hamilton's "Tell-Tale Teller" ad column in the Leesburg, Florida, newspaper has high reader interest

THE balance sheet of The First National Bank of Leesburg, Florida, doesn't list among its assets Mrs. Belle S. Hamilton and her newspaper column, "Tell-Tale Teller," but they would certainly be well valued if bank statements contained such items as goodwill and successful public relations.

Each week for more than two years Mrs. Hamilton, a member of the bank's staff, has prepared for the two Leesburg newspapers an appetizing assortment of gossip and news items about Leesburg people, past and current events, and happenings in the bank. These advertisements, reprinted on colored paper, are used as stuffers in the bank's mail. Service men and women get them too, for the local news they contain.

The column celebrated its second birthday last June. A secret of its success, no doubt, is its liberal use of people's names, and Leesburg folks at home and abroad turn to Mrs. Hamilton's chit-chat to check up on local happenings of personal interest.

Although there is no formal pattern, each issue usually contains a paragraph telling of visitors to the bank; one or two items relating odd incidents about Leesburg people; news about boys and girls in the service; something on the exhibit which the bank usually has in its lobby; and always a plug for War Bonds. Every three weeks or so there is a section "Twenty Years Ago" or "Twenty-five Years Ago," recalling the news of those days. This is a very popular feature and old-timers often bring in letters, documents and stories as grist for the columnist's typewriter.

"The reader interest in our 'First National Tell-Tale Teller,'" says J. Carlisle Rogers, cashier, "is continually increasing, and the surprising thing to all our officers is that in practically every mail we receive letters from people all over the country who have received reprints.

"People have never heard of write to comment on the human touch and interest of the column. We have men in the service and officers formerly stationed in this vicinity who regularly receive the column, and to a few it is forwarded by air mail because of their keen interest in it and the little atmosphere of Leesburg it creates."

Mrs. Hamilton came to the bank in 1936. In addition to being secretary to President G. G. Ware and Mr. Rogers, she is assistant secretary of the Florida Bankers Association. Her varied background includes such former positions as secretary of the Leesburg Chamber of Commerce, secretary of the Lake County Chamber of Commerce, and in the personnel department of the United States Engineers at Camp Roosevelt, Ocala.

For several years she was correspondent of the Orlando *Morning Sentinel*, the Tampa *Tribune* and the Florida *Times-Union*.

Mrs. Hamilton can write verse, too—"by the yard," Mr. Rogers reports—and sometimes she does an advertisement in rhyme, like this:

WHERE ARE THEY?

*Do YOU keep YOUR policies stowed in a trunk
Or an old cardboard box shoved under your bunk?
Are YOUR War Bonds scattered from cellar to attic
In old envelopes, in a style that's erratic?
The paper that swears to your glad natal morn—
Could you find it at once—to prove you were born?
And your deeds and your abstracts—just where are THEY scattered?*

*In the back of a cupboard, all dog-eared and tattered?
If fire struck YOUR home, could you find them all—quick—
Without sleight of hand or a conjuror's trick?*

*It's tough on the nerves, when the fire siren's shrieking,
To rush through the house, for your lost records seeking.
The vaults at our BANK are fireproof and strong—
You can rent a box there for less than a song.
Just A PENNY A DAY will give your mind ease;
For no fire can destroy and no sneak-thief can seize
Your valuables stored in this sensible way.
Why not think it over—and see us TODAY?*

A SAMPLING of the "Tell-Tale Teller" produces such items as this:

"We begin this column today with just one of the many Sumter County agricultural success stories of the year, a story of how W. B. Stokes, of Coleman, and his 25-year-old son Billy, with no help other than a tractor and a pair of mules, grew 179 acres of crops, raising six cars of watermelons on 13 acres (which brought them \$3,067), and growing besides 50 acres of corn, 36 of velvet beans, three acres of sugar corn, two acres of sweet potatoes and 75 acres of hog feed.

"Now we feel we had a little share in the remarkable success of the Stokes family because our bank loaned them the money for the tractor, which, they are frank to say, was the most potent factor in handling the enormous amount of hard work required to make their crops. Privately, we think it took more than a tractor to do the job—it took plenty of wise planning and gallons of elbow grease—it meant getting up early in the morning and going to bed late at night . . .

"We are mighty glad we had the opportunity, through our Personal Loan Department, to help Mr. Stokes and Billy get the tractor which enabled them to make such a success of their farming operations. . . ."

BANKING NEWS

State Bank Deposits Over \$57 Billions; "Governments" Expand

U. S. Bonds 56% of Banks' Resources

The importance and responsibility of state banks in the national economy is emphasized in the 13th annual report of the A.B.A. State Bank Division which shows total deposits in 9,549 state supervised banks reached an all-time high of \$57,650,981,000 on Dec. 31, 1943, an increase of \$8,378,333,000 over the previous year and 58 per cent during the five-year period from 1938.

The report covers 9,005 state commercial banks, loan and trust companies, private banks, and stock savings banks and 544 mutual savings banks.

Of the \$57,650,981,000 total deposits, \$25,998,958,000 was represented by demand deposits of individuals, partnerships and corporations, a gain of \$4,880,391,000 during the year and an increase of more than 100 per cent since 1938.

Time deposits of individuals, partnerships and corporations were \$20,625,233,000, an increase of \$2,337,169,000.

"The continuous upward trend of time deposits has brought the total to an all-time high, with the likelihood of further expansion in the future, in a somewhat slower pace, however," the report said.

Holdings of Governments

The rapid growth of deposits is reflected in the increased holdings of U. S. Government securities, by all state supervised banks which on Dec. 31, aggregated \$31,865,802,000, an increase of \$9,794,780,000 for the year.

"A further study of this item discloses that state supervised banks had more than 50 per cent of their resources invested in government securities," it continued. "During the past five years state supervised

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Next Month

News and pictures of the annual meeting of the American Bankers Association, held in Chicago, Sept. 25-27, too late for this issue, will appear in the November BANKING.

Sees Bankers Losing Savings Leadership

A.B.A. Report Urges Cultivation of Thrift

Banks are urged by the Savings Division of the American Bankers Association to adopt a more aggressive savings banking policy in a report which stresses the importance of the 47,000,000 savings accounts in the banks of the United States and calls attention to trends indicating that banks are losing their leadership in promotion of thrift to other savings systems.

"If people cease to regard banks as the leading exponents of thrift and principal custodians of their savings, the consequences may be far reaching," asserts the Savings Division in its booklet "A Wartime Challenge—A Peacetime Opportunity," and adds:

"It is high time that every banker consider his personal attitude toward savings and to the policies and practices of his institution in cultivating savings deposits. He must face frankly and honestly some questions that are fundamental, for the answers may determine the future of privately chartered banking."

In its report to bankers, the Savings Division said:

"Recent trends indicate all too clearly that bankers are losing their position of leadership in the field of savings. This is more than a mere reflection of temporary conditions incident to the prosecution of the war. It had its origin in conditions existing prior to the attack on Pearl Harbor and some of these conditions have been

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Irwin A.B.A. Economist; Kneebone Heads New Chicago Office; Changes in "Banking"

Appointment of Dr. William A. Irwin, national educational director of the American Institute of Banking, to the post of economist of the American Bankers Association, and the opening of a new Chicago office under the direction of a new deputy manager, are among the A.B.A. staff changes taking effect with the inauguration of a new A.B.A. year.



W. A. Irwin



Leroy Lewis



R. W. Kneebone

Special Checking Accounts

A 40-page booklet, "Special Checking Accounts," giving the procedure for handling these accounts, including forms, was released by the A.B.A. Bank Management Commission last month.

The new A.B.A. Chicago office will be in the Bankers Building. It will be in charge of Robert W. Kneebone, long associated with BANKING, who has been named deputy manager of the Association and who will direct the activities of the office.

Dr. Irwin, who continues as national educational director of the A.I.B., will assume, as economist, the post vacated on June 30 by Dr. Paul F. Cadman, who is now associated with the Henry Kaiser Industries. He will be assisted in the A.I.B. by Leroy Lewis, formerly secretary of the North Carolina Bankers Association, whose appointment as assistant educational director of the Institute has already been announced.

Liston C. Bertram, assistant general counsel, has been named assistant to the executive manager. Mr. Bertram is assistant secretary of the Credit Policy Commission.

Mr. Kneebone has been western advertising manager of BANKING for 12 years and is well known to the A.B.A. membership, especially in the West and Middle West where he has traveled constantly. He will continue as western manager of BANKING and will be assisted in that capacity by John J. McCann, formerly assistant editor in the New York office, who has been transferred to Chicago as western advertising representative.

Prentiss Jackson, Jr., who has been eastern representative of BANKING, has been appointed eastern advertising manager, and Richard F. Lyon will continue as eastern representative.

John J. Rooney, comptroller of the A.B.A., has been named

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Mid-Continent Trust Program Ready Soon

A.B.A. Meeting is in Chicago, Nov. 9-10

The 14th Mid-Continent Trust Conference of the A.B.A. Trust Division will be held in Chicago at the Drake Hotel, on Nov. 9 and 10. The Corporate Fiduciaries Association of Chicago will act as host.

The program will include talks on investments, common trust funds, new business, trust administration, problems of smaller trust departments, pension trusts, taxes, and legislation. The complete program will be mailed to Trust Division members early in October. All trustmen planning to attend this conference have been urged to make hotel and railroad reservations early. The area covers 18 states.

Committees

The advisory committee is composed of these Chicago bankers: Philip R. Clarke, president, City National Bank and Trust Company; Lawrence F. Stern, president, American National Bank and Trust Company; Edward E. Brown, president, The First National Bank; Walter J. Cummings, chairman of the board, Continental Illinois National Bank and Trust Company; Frank R. Elliott, president, Harris Trust and Savings Bank; Holman D. Pettibone, president, Chicago Title and Trust Company; and Solomon A. Smith, president, The Northern Trust Company.

The following Chicago committee has been appointed by M. W. Lowell, president of the Corporate Fiduciaries Association, and vice-president of the Continental Illinois National Bank and Trust Company.

Committee on Arrangements: Fred W. Hawley, Jr., trust officer, Continental Illinois National Bank and Trust Company, chairman; J. Mills Easton, manager, advertising and publicity, Northern Trust Company; Michael A. Georger, assistant vice-president, City National Bank and Trust Company; Merwin Q. Lytle, assistant vice-president, Harris Trust and Savings Bank; Ken-

Stephenson Studies to Appear in Trust Bulletin

Starting in October, and bi-monthly thereafter, the Gilbert T. Stephenson trust studies, heretofore published as a supplement to the Trust Division's *Trust Bulletin*, will be incorporated into the *Bulletin*.

The second series of these studies, numbering 18, which were published in supplemental form, will be bound into a single volume. The first series by Mr. Stephenson already is available in one bound volume.

The last study in the second series, "Nominee Registration of Securities Held in Trust Accounts," was released early in September.

Interest in Pension Plans Shows Increase

Interest in retirement pension plans has increased considerably during recent months, according to Edgar E. Mountjoy, A.B.A. deputy manager in charge of pension studies.

This greater interest is evident at this time, Mr. Mountjoy points out, first, because of the limited period remaining before the Dec. 31 deadline for obtaining approval of pension plans by the Commissioner of Internal Revenue, as required by statute; and, secondly, the desire of the employers to help stabilize their personnel by assuring them of retirement benefits.

Inquiries being received by the A.B.A. are almost entirely from banks which generally are seeking information on the types of pension plans best suited to banking organizations, and those asking for suggestions of pension plans which have the approval of the Commissioner of Internal Revenue.

The importance of submitting plans for approval by that Federal official was discussed by Mr. Mountjoy in an article which appeared in June *BANKING*.

neth W. Moore, office manager, Chicago Title and Trust Company; Howard Johnson, American National Bank and Trust Company; Walter E. Toon, assistant trust officer, City National Bank and Trust Company.

State Bank Deposits Over \$57 Billions

(Continued from page 33)

banks have increased their holdings of government securities \$21,521,416,000 or 208 per cent. This fact clearly emphasizes the support state banks are lending to Treasury financing."

Other securities held by the banks aggregated \$4,141,891,000 on Dec. 31, a decrease of \$605,542,000 or 12.8 per cent during the year.

Loans and discounts declined \$257,972,000 during the year to \$13,468,850,000.

"While this was the second consecutive year that a decrease in this item was evidenced," the report stated, "the major portion of the year's loss was noted in loans and discounts of mutual savings banks. This may indicate a possible leveling off of loans and discounts in state commercial banks with the strong possibility of increased upward activity in subsequent periods."

Cash, reserves and funds due from banks amounted to \$12,412,667,000 at the end of 1943 of which 93.6 per cent was represented by state commercial banks.

Total capital funds rose \$224,537,000 to \$5,085,747,000 or an increase of 4.6 per cent for the year.

Significant Changes

"In summarizing these changes," the report asserted, "the significant items of interest are deposits, government securities and cash. When the growth and distribution of deposits is considered, it must be remembered that they represent only a part of the total liquid assets of the public. As has been demonstrated, the other important kinds of liquid assets are currency, and United States Government obligations.

"The total growth of all liquid assets held by businesses and individuals at the present time, when the aggregate of private debt is not changing materially, is roughly equal to the expansion of the public debt. Funds borrowed by the Government are obtained either from individuals and businesses in which case they are repre-

sented by government security holdings or they are obtained from banks and are reflected in the growth of deposits. Demand deposits represent the portion of the growth in deposits that has been taken by banks and the proceeds of which are not held in the form of time deposits or currency."

Ratios of Governments

All states participated in the increased holdings of government securities with a ratio ranging from 28.6 to 61.3 per cent of the total assets of the banks.

Delaware had the highest ratio. Other states with high ranking included Rhode Island with 58.1 per cent, Massachusetts with 56.5, New York with 55.7, Maryland with 55.6, Oregon with 55.4 and New Jersey with 54.5 per cent while several other states were near the average figure of 52.0 per cent.

2 A.B.A. State V.P.'s Active as Member-Gellers



Above, F. T. Merrill, Midland National Bank, Billings, Mont.; below, R. A. H. Brandt, First National Bank, Minot, N.D.



Savings Leadership

(Continued from page 33)

accentuated by the war. "In the two years prior to June 30, 1941, the private investment in shares of insured savings and loan associations increased by 47 per cent; savings deposits in the postal savings system increased 3 per cent; and savings in banks increased 3.7 per cent. From June 30, 1941 to Dec. 31, 1943, privately owned shares in insured savings and loan associations increased 46 per cent; postal savings deposits increased 38 per cent; and savings in banks increased 19 per cent."

The report urges bankers to review the policies of their own institutions with regard to cultivating savings deposits. It pointed out that savings are as important to the individual as to the nation because, "in addition to building character and providing a sense of independence and security not otherwise obtainable" they provide funds for meeting emergencies and unanticipated needs for ready cash, help in making post-war adjustments and in taking advantage of opportunities which may appear, and provide reserves for long-range security.

New Booklet on A.B.A.

"At Work for Your Bank" is the title of a booklet distributed to A.B.A. members, describing briefly the work of the Association's many departments.

Job Relations Training Course Soon to Be Offered for Supervisory Employees

The Job Instructor Training program inaugurated a year ago by the American Institute of Banking has progressed so satisfactorily, according to A.B.A. Deputy Manager William Powers, that plans are now under way to start the second phase of this employee training program, known as Job Relations Training.

Both the JIT and JRT follow training procedures developed by the War Manpower Commission for use in war production plants and have been adapted to the use of banks.

To Help Supervisors

While the Instructor Training programs are intended primarily to enable supervisory employees to reduce appreciably the time required to familiarize inexperienced workers with their jobs, the Job Relations Training, on the other hand, is designed to help supervisors cope with the human element in employee-employer relationships.

"The war so depleted the ranks of experienced bank employees," Mr. Powers said, "that it was necessary to promote to supervisory jobs many people who had not had time to grasp the human relations fundamentals which a supervisory employee encounters in taking care of complaints, building morale, making employees feel essential to the successful operation of their banks and thereby developing coopera-

tion, etc. The Job Relations Training program is designed to fill this need."

Plan Course Soon

A master Job Relations Training course will soon be given in a centrally located city to train a dozen JRT conductors drawn from different sections. Mr. Powers will conduct this institute.

Upon completion of the master course the training program will be expanded as rapidly as possible. The bank representatives trained as conductors, in turn, will train other bankers in giving these courses for bank supervisory employees.

The thirteenth Job Instructor Training course under the auspices of the A.I.B. during the past year was held in Poland Springs, Me., during August, and was instructed by Mr. Powers.

Institute Unique

"This institute was unique," Mr. Powers said, "in that the 10 participants—three women and seven men—were selected by the state bankers association from 10 different towns strategically placed throughout the state. These people were trained for the purpose of making the JIT program available to the small banks throughout the state where regular A.I.B. facilities do not exist. The 10 trainees will conduct JIT classes for people in key positions in the small banking institutions of the state."

Eligibility Changed for Giannini Prizes

Contestants in the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes at the 1945 conference of the American Institute of Banking will be required to complete only two Institute courses leading to certificates, rather than the four certificate courses previously needed to qualify as eligible for the contest.

The change in the eligibility rule was announced by the administrative committee of the Endowment and will apply only to the 1945 contest, according to a letter to A.I.B. chapter presidents which said:

"The committee felt that this change was necessary in view of present-day conditions and hopes that it will induce a greater number of A.I.B. members to participate in the 1945 contest."

Dates for Two A.B.A. Savings Meetings Set

The A.B.A. Savings conference at Kansas City, Mo., will be held Oct. 25 instead of Nov. 14, as previously announced. Another conference is scheduled for Atlanta on Nov. 9-10.

A.B.A. Staff Changes

(Continued from page 33)

business manager of BANKING. The resignation of Alden B. Baxter as advertising manager of the magazine was announced a few weeks ago.

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

Post-war Small Business Credit Commission Regional Meetings:
Oct. 11 Richmond, Virginia
Oct. 20 San Francisco, California
Oct. 23 Denver, Colorado
Oct. 26 Dallas, Texas
Oct. 30 New Orleans, Louisiana
Nov. 9 New York City

Oct. 25 Savings Conference, Muehlebach Hotel, Kansas City, Missouri

Nov. 9-10 14th Mid-Continent Trust Conference, Drake Hotel, Chicago
Nov. 9-10 Savings Conference, Atlanta

State Associations

Nov. 11 Nebraska, Fontenelle Hotel, Omaha

Other Organizations

Oct. 18-20 Mortgage Bankers Association, Edgewater Beach Hotel, Chicago
Oct. 22-24 Robert Morris Associates, Edgewater Beach Hotel, Chicago
Oct. 25-29 Financial Advertisers Association, Edgewater Beach Hotel, Chicago

Meet President Burgess

IF THE new president of the American Bankers Association had deliberately planned his career so as to equip himself for the task of leadership in the banking field, he could hardly have done a better job.

The expression "financial statesmanship" is the sort of mouthful that can mean almost anything, but applied to Randy Burgess it means something definite, something we need more of. Certainly there never was a time when we had greater need of understanding, common sense, and courage in meeting the extraordinary financial problems of the nation and the world.

W. Randolph Burgess (the W. is for Warren) would be the first to shy away from the word "intellectual" because his personal history has been a chronicle of action and achievement. Yet, behind a willingness to do things and get things done there is always a brand of deliberation and logic that is thoroughly intellectual. Or, to put it all another way, he is the kind of a skipper who studies the charts—also a guy who knows the ropes.

President Burgess was born in 1889 in Newport, Rhode Island, where his father was a teacher of Latin in Rogers High School. His mother, before her marriage, was also a teacher, having taught German at Abbot Academy, Andover, Massachusetts. In fact, the family album abounds in teachers and ministers.

Education and Campus Leadership

WHEN the young man was three years old, his family moved to Chicago where his father became principal of Morgan Park Academy. This was a newly established school under the aegis of the University of Chicago and it was the hope of the founders to develop an institution comparable to certain academies in the East. Randy lived in Chicago until he was 18, attending public schools and his father's academy, with time out now and then for a trip East to visit his grandparents. One Summer he sold stereoscopes in rural Ogle County (Illinois), the home of Frank Lowden.

The Academy closed in 1907 and the family returned East and Randy spent a year in Cambridge Latin School where his father was a member of the faculty. Then he went to Brown University where he was a student from 1909 to 1912. He completed his work for

Secretary of the Treasury Henry Morgenthau, Jr., left, reviews prospects for the Third War Loan drive with Mrs. Sidney C. Borg, Manhattan CDVO chairman, and Dr. Burgess, who was the New York State War Finance Committee chairman



A.B.A. planning—President Burgess, right, discusses committee appointments, and a host of other questions, with Executive Manager Harold Stonier

Bachelor's and Master's degrees in four years of study.

But life wasn't all chalk and classrooms. The yearbook, the *Liber Bruuensis*, gives a contemporary undergraduate estimate of him as well as a long list of college activities and honors. The brief commentary that appeared beside his picture began: "Here is a man whom we do not need to write up. He is up high enough now, and our function must be to gently disentangle his head from the clouds and bring him back to earth."

As a freshman he made the board of the college daily, and as a senior was its managing editor. He was a varsity debater, a member of the track and swimming squads, and an officer of various student organizations. He made Phi Beta Kappa. His fraternity is Delta Upsilon, in whose national organization he continued active for a time after graduation.

He has continued his interest in Brown as a member of the board of trustees and now as a fellow of the university. There has been a family tradition in regard to Brown University, where his grandfather, his father, his uncle, his brother and two sons have all received degrees.

Brown University gave him an honorary LL.D. in 1937 with the following citation:

In a singular degree you have exemplified the ideal of a liberal education. After an undergraduate major in English literature at Brown University, you engaged in religious work and undertook graduate studies in two great universities in the fields of philosophy and education. Later you served your country in time of war, and then continued to give your talents to the public service in the complicated but vital procedures and policies of national and international finance. Because in the wide range of responsibilities to which you have been called, you have acquitted yourself with brilliance, and have uniformly devoted yourself to the public interest, we delight to honor you, and by the authority vested in me I confer upon you the degree of Doctor of Laws, honoris causa, and admit you to all its rights and privileges.

Graduate Study and Social Work

BBROWN was followed by five years of mingled graduate study and varied forms of educational work; first in Montreal and later in New York City. Just before World War I he was a graduate student of

BANKING



education at Teachers College, Columbia University, earning his living meanwhile by working at a social settlement on the city's teeming East Side, an interesting combination of learning and human contact. In this



PERKINS

At his desk at The National City Bank of New York, where, among other things, Dr. Burgess guides editorially the bank's monthly bulletin on economic trends

experience he arrived at the conviction that the solution of most human problems depends on more information and more precise analysis.

Service in World War I BY GREAT good fortune the next step in his career associated him with perhaps the country's best statistician, for in May 1917 he married May Ayres, a fellow student at Columbia, and pulled up stakes for Washington where May's brother Leonard was head of the Statistical Division of the War Industries Board. Randy Burgess (incapacitated for active military service by an early eye injury) went to work as a clerk in Leonard's then small office, while May went to work in the Food Administration under Mr. Hoover.

In the Fall of that year, Colonel House, adviser to President Wilson, headed a mission to study munitions production in Europe and Randy went with the mission as statistician and assistant to Thomas Nelson Perkins, brother of the late Jim Perkins who, years afterward, was to take Randy into The National City Bank of New York. On this first trip to Europe, Randy saw at first hand in vigorous action England's hard-driving Minister of Munitions, Winston Churchill.

In March 1918 the War Department took over the Statistical Division and Randy donned the uniform with a couple of silver bars on his shoulder. Later he became a major while Leonard Ayres, as colonel, was chief of the Statistical Branch of the General Staff.

Three months later in June, General Pershing wanted a statistical office organized at G.H.Q. in Chaumont and another one for the Service of Supply in Tours, and asked General March to lend him Colonel Ayres to set up these offices. Leonard went, and Randy found himself at the age of 29 responsible for the operations of the Statistical Branch, comprising about 200 persons and with the function of keeping the Secretary of War, Newton Baker, and Chief of Staff, Peyton C. March, informed on a variety of matters relating to the war.

The Division also reported weekly to the Senate and House Committees on Military Affairs, the War Council, the commanding generals, the Service of Supply, and the Maritime Council. This meant five brief lectures a week, using statistical charts. Randy got away with it, but lost 15 pounds in the process.

Leonard came back in the Fall of 1918 but returned to Europe soon afterward with the peace mission. Randy continued to head the Statistical Branch and build up what was intended to be a permanent organization. In those days they were thinking in terms of a standing army of 600,000 men.

Back to New York— and a Turning Point

IN August 1919, at the ripe age of 30, Randy accompanied Leonard Ayres back to New York to reopen the Division of Education of the Russell Sage Foundation, where Leonard had made his reputation, but which had been closed for the duration of the war. In the course of the next year Randy and his wife both completed the theses required for their doctor's degrees at Columbia and were awarded the degrees in June 1920 while a third member of the family, Leonard Randolph, learned to walk trying to keep up with his parents around the Columbia campus.

Randy's subject for the doctorate was *Trends in School Costs*, and marked a turning in his career toward the general subject of finance.

Joins Federal Reserve Bank

IN THE Fall of 1920 Leonard Ayres, whose study of the Cleveland school system had attracted wide attention, accepted appointment as vice-president of The Cleveland Trust Company. At the same time Randy went with the Federal Reserve Bank of New York, as a statistician and editor of the bank's monthly bulletin. He was soon made manager of the reports department, and in 1923 became assistant Federal Reserve agent under Pierre Jay, who was chairman of the board and Federal Reserve agent. Later Jay was succeeded by Gates McGarrah, who afterward headed the Bank for International Settlements.

It was not long before that great policy-making Federal Reserve figure, Ben Strong, who was governor of the bank at that time, began calling on Randy to prepare material for congressional hearings, and bring to bear on the bank's policy problem the masses of data Randy's department was accumulating. It was a period

At a meeting of the Association's Economic Policy Commission—I. to r., Clarence E. Hunter, The New York Trust Company; W. L. Hemingway, Mercantile-Commerce Bank & Trust Co., St. Louis; Chairman Burgess; and General Ayres





As retiring 1940 president of the New York State Bankers Association, Dr. Burgess, in presence of state association farm leaders, presented scholarships to 4-H Club winners

when the world was struggling back to solvency, and Governor Strong with Montagu Norman of the Bank of England and the Treasury departments of the two countries faced problems like those discussed at the recent Bretton Woods conference. Also there were domestic problems, and Governor Strong soon asked his new statistician to sit in at meetings of the Open Market Committee of which Strong was chairman.

When Randy was made assistant Federal Reserve agent he became an operating officer of the bank with many current duties beyond his continued responsibility for the reports department. But in 1930 he was moved all the way into operations when he succeeded Herbert Case (promoted to chairman) as deputy governor in charge of open market operations for the Treasury and the whole Federal Reserve System. It was then that he began to be in constant contact with the Treasury on new financing, an activity which has continued more or less ever since, and in various capacities. It was there also that he gained knowledge of the government security market.

Progress at Home and Abroad

THEN along came the Bank Act of 1935, one effect of which was to curtail the powers of the various Reserve banks and assemble the reins in Washington. One symbol of this was a shifting of titles so that Randy became a vice-president instead of deputy governor. Under the new setup his title was also manager of the system's open market account.

He went to Europe several times in this period. There was a statistical conference of central banks in 1928 where he and Dr. Goldenweiser represented the Federal Reserve. The following year in Paris, at the invitation of Owen Young, he helped draft the first plans for the Bank for International Settlements in Basle. In 1931 when gold was moving out of this country and world finances in general were in a bad way, he attended a B.I.S. meeting of central bank governors and helped reassure them that Hoover's National Credit Association was not an inflationary plan.

Joins National City Bank

IN THE Fall of 1938 Jim Perkins decided The National City Bank could use Randy's knowledge of government securities and other matters, and invited him to hang up his hat at 55 Wall Street, New York.

There, in addition to all the myriad jobs that fall into the lap of the vice-chairman of the board, Randy keeps an eye on the bank's monthly bulletin.

Work with the Association

THE new chief of the American Bankers Association had his first "speaking" acquaintanceship with the organization when he addressed the National Bank Division meeting at the Atlantic City convention in 1940. But many years before that, in the early Twenties, he wrote fairly regularly for the *Journal* of the A.B.A.—first writing the "Condition of Business" and later a series of articles on the Federal Reserve System, which later grew up into "The Reserve Banks and the Money Market."

Prior to that he had been a member of the Graduate School faculty starting in 1937, lecturing on the Federal Reserve System. Since then he has become increasingly active, serving on various committees, councils and commissions, succeeding Leonard Ayres as chairman of the Economic Policy Commission when the latter went to Washington in 1940. He became vice-president last year at the same time Lee Wiggins took the helm. As vice-president he spoke at 12 state meetings.

A Few Close-Ups

COME on in, Harry . . . Randy's office fits him. It has space, few frills, comfortable chairs, everything in order and a prevailing air of hospitality, always reinforced by a quiet, cordial greeting and a smile that is deservedly famous.

Over to see Burgess . . .

Along in the 20's the financial reporters in downtown New York had a beaten path to favorite sources of news and all of them went around together to make sure nobody scooped, or got scooped.

The main ports in this Odyssey were the offices of the late Francis Sisson of the Guaranty Trust Company, and one-time A.B.A. president; also that of James Forrestal, then of Dillon Read and now Secretary of the Navy, and the headquarters of Dr. Burgess at the Federal Reserve Bank.

In Sisson's office there was a fine big couch from which it was hard to get up, plenty of cigarettes and some fairly good stories. Forrestal specialized in quick service but no chairs. From there the route led by easy stages to the Federal Reserve Bank where at 3:30 every after-

Dr. Burgess talks over country bank problems with Otis A. Thompson, chairman, A.B.A.'s Agricultural Commission and president, National Bank and Trust Co., Norwich, N. Y.



noon from five to a dozen or more reporters would pile into an elevator bound for Burgess' floor. They would stand around the corridor, checking up things, exchanging items or just leaning against the wall in profound thought. In a few minutes Randy would appear with the smile and usually some news. Even at that time, he adhered to the doctrine the trade was a two-way affair and he always managed to extract from the assembled hounds some bits and pieces of information on this and that, in exchange for the items he parcelled out and there was talk of what the latest Federal Reserve statement meant and what was happening in the money market, which helped form the background for stories. In two decades Wall Street has moved a long distance in its understanding of what makes the money market tick. These Federal Reserve conferences were part of the educational process.

All the time in the world . . .

His quitting time is when the job is finished. He is what might be called a straight-line, point-to-point worker and in this way he saves a lot of time that is ordinarily devoted to going around in circles. One gets a distinct impression that he is using his head in the precise sense of that phrase. He is deliberate, keeps his eye on the ball and has a great deal of mental follow-through, does one thing at a time and does not act busy.

Words . . .

No amount of effort seems too much to get a thought straight and right. He is a stubborn and unyielding enemy of the loose use of words. He seems to have a philosophy about the English language, which may be summed up: first know what you're talking about, then say what you mean.

Extra-Curricular Activities

HE HAS always been willing to give a large measure of effort to activities apart from his immediate business career, particularly of a public service nature.

He served as vice-president and president of the New York State Bankers Association. He was a trustee and later Fellow of Brown University. He is trustee of Teachers College, Robert College, Constantinople, the

(CONTINUED ON PAGE 105)

Family—Mrs. Burgess is seated in the library of her New York home; at her right is Second Lieutenant Leonard Randolph Burgess, and at her left is Ensign Julian Ayres Burgess



Again in the Fourth War Loan campaign President Burgess was New York State War Finance Committee chairman. He is holding a captured Nazi flag at a rally during the fourth drive

Views and Opinions

A FEW excerpts from writings and speeches of President Burgess on matters of timely interest:

Bond Sales

THERE is no more important undertaking before the bankers of the country. There is no better way to keep under control the forces of inflation, and put into the possession of the people generally a reserve on which they can draw in times of need. There is no better contribution to 'full employment.'"

A Nation Rededicated

BOND drives are one of the few activities in which the whole nation unites. There are no two parties; there is no opposition. They make possible both an emotional and intellectual appeal. They provide an opportunity not just to foster a habit of savings, but for the nation to rededicate itself to its noblest ideals."

Post-War Economic Policies

OUR capacity to carry the heavy debt without endangering our currency and our free institutions will depend upon the national economic policies that are followed after the war. If these policies are conducive to a sound increase in national productivity and wealth, even this heavy debt charge can be borne."

Banks and the National Debt

THERE are two things the banks can do [about the debt]. The first is to sell bonds outside the banks. This reduces the amount left for the banks to absorb—it keeps down the mechanical base for inflation by retarding the expansion of bank credit, which is spending power.

"The second is to encourage a habit of thought. It is a time to teach the old fashioned doctrine of work and save. For salvation lies in the thinking habits of the people as well as in the mechanics of money. If we should be spendthrift and improvident we should court disaster no matter what the size of the debt, but if we are industrious and saving we can manage a very large debt even though it predisposes to trouble."

The Banks and the

A Bank's Sales Campaign

Organization Meeting

TREASURY officials met with officers of the American Bankers Association and members of the Association's Special Committee on Treasury War Borrowing in Washington on September 18, 19 and 20 to discuss plans for the Sixth War Loan.

Banking leaders present at the meeting included: A. L. M. Wiggins, A.B.A. president and president of the Bank of Hartsville, Hartsville, South Carolina; W. Randolph Burgess, Association vice-president and vice-chairman of the board, National City Bank of New York; Robert V. Fleming, president of the Riggs National Bank, Washington, D. C.; James K. Lockhead, president of the American Trust Company, San Francisco; Edward E. Brown, president of the First National Bank of Chicago; L. M. Arnold, chairman of the board, Seattle-First National Bank; R. B. Newell, president of the Hartford National Bank and Trust Company, Hartford, Connecticut; Tom K. Smith, president of the Boatmen's National Bank, St. Louis; C. E. Spencer, Jr., president of the First National Bank of Boston; Robert Strickland, president of the Trust Company of Georgia, Atlanta; B. M. Harris, president of the Yellowstone Bank, Columbus, Montana.

One feature of the banks' participation in the Sixth War Loan campaign will be the publication of a booklet which will include a number of examples of successful bond selling by banks in the previous drives.

This is the cover of the Sixth War Loan booklet



A MAJOR selling job again confronts the banks in the forthcoming Sixth War Loan drive. Organized sales efforts by bank staffs have been very successful in institutions throughout the country during the other bond campaigns, and banks are now laying their plans for similar intensive activity in the next drive.

Typical of the many successful sales organization setups that have been reported to BANKING is that used by the Old National Bank at Evansville, Indiana, in the Fifth War Loan.

The bank, in laying its plans, assumed that the people had the funds for buying War Bonds and that a face-to-face sales campaign could get results. "The staff was organized into bond selling units and the goal and the campaign were outlined to officers and employees at a dinner meeting," the bank reports. "A competitive spirit was created and maintained by assignment of appropriate sales quotas and the recognition of the attainment of these goals.

"Employees were given a special course of instruction in the different issues of 5th War Bonds and trained in the technique of answering the question, 'What issue should I buy?' Weekly report meetings and the posting of aggregate sales helped to sustain enthusiasm and kept the facts and figures in an interesting placement. Individual awards were given weekly and a special departmental citation traveled from one department to another as sales totals fluctuated. . . .

"Incoming calls at the telephone switchboard were greeted with a sales message. No deposit, withdrawal, or other transaction at the Old National was completed without a similar approach."

Among the special bond promotions devised by the bank was the title "Victory Volunteer" for every person who bought or engaged in the selling of bonds. Victory Volunteers wore a badge created by the bank's advertising department in gold, red and black, which displayed an infantryman lunging through the Roman numeral V with the message "I Am Backing the Invasion" as an integral part of the design. Badges were widely distributed to industries for their individual bond drive promotions, and to bond selling booths throughout the business section.

Another special promotion took advantage of the public's interest in jeeps. After a request to the Treasury Department, and through the cooperation of the post public relations office and the 75th Division special service office of Camp Breckinridge, a jeep was made available to the bank each Wednesday for four weeks. Rides in this popular little war machine were offered to bond buyers by selecting names at random.

The 5th War Bond purchase check designed by Old National had the good fortune to arrive on the morning of D-Day and was enclosed with all commercial account statements for June. There was a simplified order blank on the back.

BANKING

Sixth War Loan

★ ★ ★

Bond Buying by Service People

★ ★ ★

LIEUTENANT JOHN H. PAYNE, JR.

This War Bond story happens to be dedicated to the Navy because we had available as reporter the former secretary of the Virginia Bankers Association, Lt. JOHN H. PAYNE, JR. The story of the Army's War Bond buying record is equally astounding, and BANKING hopes that it can be told some day.

TODAY, in all parts of the seven seas, hundreds of thousands of U. S. naval personnel are steadily building for themselves a financial reserve that will pay off handsomely when this business of defeating the enemy is finished. Practicing, many of them for the first time, the constructive habit of planned savings, nearly 2,000,000 Navy men, Marines and Coast Guardsmen currently have in effect allotments for War Bond purchases ranging from \$6.25 to \$375 per month. Thousands of additional allotments are being registered weekly.

First of the armed forces to make available to its officers and men the opportunity of investing monthly savings in these highly secure and profitable bonds, the Navy Department in May 1941 expanded its allotment system to include the regular purchase of War Savings (then Defense Savings) Bonds. In the months that followed high naval officers, quick to realize the tremendous benefits available to their personnel through this convenient method of savings, readily encouraged officers and men to make full use of the War Bond allotment's savings possibilities. Setting the course to future financial security, these officers themselves authorized the first navy allotments for consistent savings through War Bond purchases.

To encourage further the principles of financial independence among naval personnel, and to provide the necessary management for what was obviously to be "big business," a special organization was created under the Office of the Secretary of the Navy. Charged with this responsibility, the "Coordinator for War Bonds" began planning the Navy's extensive program of savings through War Bond purchases to reach every officer and enlisted man, wherever they might be. Today the program has fully accomplished just that, for wherever our powerfully expanded Navy, Marine or Coast Guard units operate, there are trained officers to advise and encourage the principles of savings.

As bankers you have a keen appreciation of what these steadily accumulating sums of War Bonds will mean to those hundreds of thousands of men who will return to civilian life when this war is won. Similarly, you appreciate just how important these bits of independent financial reserve will be to the post-war welfare of those men and their families, and to the preservation of those principles of economic independence and enterprise that

are the fundamental background of our nation's economy. These have ever been the guiding principles of the Navy's War Bond program, and the hundreds of millions of dollars already "salted away" in War Bonds by naval personnel are indisputable evidence of these principles' success.

To those of us who have had the opportunity of observing this program in operation throughout the world, and who are so concerned with the post-war welfare of the boys and men who are fighting and winning this war, it is encouragement indeed to see the millions of dollars poured into savings each month through War Bonds. Hard and well earned dollars that might be lost forever in some favored game of chance or recklessly dissipated on a weekend liberty are being enthusiastically funneled into the construction of savings accounts which will one day provide new homes, education, new luxuries and in some instances the priceless opportunity of "owning my own business."

FOREMOST in recognizing and in taking advantage of this opportunity are the officers and crews of our fleet units, our advanced and island bases and the fighting forces which have built our many bloody beachheads. Theirs is a record of which we are proud, and which we recommend heartily as an example for the home folk.

Following by a few weeks the allotment plan for military personnel, the payroll savings plan for War Bond purchases made available to all civilian employees of

Coast Guard "Spars" sign up officer and crew of a PT boat, in an Atlantic port, for War Bond purchases



naval activities a similar opportunity of planned savings. The success of this, among the first of the nation wide payroll purchase plans for War Bonds, has been equally astonishing. Today more than 93 per cent of the Navy's civilians are investing in excess of 12 per cent of gross pay in future financial security. That record remains oft' challenged but unequaled by any other group of government employees.

While the allotment plan for military personnel and the payroll savings plan for civilians remain as the pillars of consistent savings habits in the Navy, the cash purchase of extra War Bonds is also encouraged. Navy War Bond officers and issuing agents in every major naval activity, and at the operating headquarters of every fleet unit, maintain ample stocks of bonds to fulfill all such requests.

Two major naval worldwide "extra" cash War Bond sales are conducted annually, the first on the never to be forgotten anniversary of the attack on Pearl Harbor, and the second on Independence Day. Supplementing amazingly the heavy investment in bonds through the allotment and payroll savings plans, naval personnel during the recently completed July 4 "extra" War Bond sale, placed an additional \$47,843,122 in savings through "extra" cash bond purchases.

Navy issuing agencies, as of August 31, 1944, had handled the issuance of \$740,000,000 in War Savings Bonds.

CURRENTLY the Navy War Bond program is directed by a staff of 140 officers, with hundreds of enlisted men, Waves and civilians assisting in the operation of the 66 issuing agencies located throughout the world. Former bank officials, insurance men, advertising and publicity men, actuaries, chain store managers and members of security houses now comprise the officer personnel.

Financial management of this worldwide sales organization is centered in Cleveland, where all audit work is carried on and to which all issuing agencies make monthly reports of, and remittances for, bonds sold. This central office also carries all military allotment accounts, issuing bonds on such accounts and either delivering them per the purchaser's instruction or holding them for safekeeping.

The major feature of the Navy program in the simplification of accounting methods and the assurance of prompt delivery of bonds purchased has been exclusive use of deductions to allocate even portions of a bond. One of the military personnel, selecting for example a



Lieutenant E. A. Berndt, former trust officer of the American National Bank, Chicago, gives details of the Navy's allotment program for War Bond purchases to officers and men of a destroyer operating somewhere in the Pacific

\$25 monthly savings for War Bonds, can easily keep his own records straight, and can be assured of receiving a bond of \$100 denomination every three months. Likewise the civilian selecting a \$6.25 weekly deduction from pay will receive a bond of \$25 denomination after three paydays. The use of this system has not only simplified the accounting problem at the issuing agencies, but has also eliminated confusion about carry-over balances in the mind of the person making deductions.

Prompt delivery of bonds purchased through the allotment plan or the payroll reservation plan has been a "must" of the Navy War Bond program. Allotment bonds are delivered within 15 days after final payment on a bond is made, and payroll bonds are delivered within one week from the time the last payroll deduction for a bond is taken.

Today, as reports from the battle fronts become more favorable, "the war is over attitude" appears in many sections of our country as our most formidable enemy—the enemy that is relaxed vigilance. It is important to note during these days that the men who have done and will continue to do our country's fighting and dying, have not relaxed their continuous support of the War Bond program. Their proud example of not only fighting the war, but eagerly doing their respective parts in financing the very weapons with which they carry the battle to our enemies, is good medicine for those civilians who feel that now is the time to stop worrying about the war. There has been no abatement in the Navy War Bond program. On the contrary it grows stronger each day.

Individual financial fitness is a vital asset of those who are possessed of the regular savings habit. In recognizing its responsibility to encourage financial as well as physical fitness, the Navy is presently assisting hundreds of thousands of its officers and men along the road to post-war financial security.

More than that, these men now saving consistently through the War Bond program are developing a savings habit that will continue in their post-war civilian days. Thus the Navy War Bond program's vastly successful results will reach far beyond the post-war period and the program will stand proudly in the ranks of those institutions which have developed the vital American heritage of thrift and savings . . . the heritage of thrift and savings which has given us our high living standards and our expansive American economy.

BANKING

A 98th Naval Construction Battalion field War Bond booth in the Pacific area



Banks in Consumer Credit

WHEN returning GI Joe gets ready to buy that 194X automobile or refrigerator, he'll probably find that his local bank is ready to help finance the plans. After the war more banks than ever are going to make personal loans, time-sales equipment loans for household appliances, automobile loans, FHA Title I loans, and home modernization loans, according to a survey by the Committee on Consumer Credit of the American Bankers Association.

Banks will be psychologically as well as financially prepared when former service men, and others, ask for loans to finance the purchase of consumer durable goods of all kinds. This is because many banks intend to broaden their present facilities for handling consumer instalment financing, and others plan to enter this field of credit in the post-war period. More than two out of three American banks have already stated their intention to do this.

THE committee recently sent questionnaires to more than 14,000 banks in an effort to get answers to these two questions:

- (1) Which banks are at present engaged in consumer instalment financing and what type of loans do they handle?
- (2) Which banks will continue and/or broaden their facilities and which banks will enter this field of credit in the post-war period?

Out of 11,210 replies received to the questionnaire so far, 10,600 banks, or 95 per cent of those replying, indicated that they are or will be engaged in some phase of post-war consumer lending. An analysis of the survey was made to determine which classes of loan would show increased interest as soon as this field opens again. The results of the analysis are shown in the accompanying table. On an over-all basis, there will be an 18 per cent increase in the number of banks handling the various types of loan.

The survey reveals an impressive increase in the number of banks interested in consumer credit. In 1941 only about 7,000 banks reported consumer loans.

An interesting sidelight to the present survey was the question asked by many banks: "How many other banks in my state have reported to the A.B.A. that they will do consumer financing?" When the inquiring bank finds out that a majority of banks are either in the field, or planning to enter it, the officers may be influenced to follow a similar policy.

One of the purposes of the survey was to find out what kind of material the banks will need most in formulating their plans for consumer instalment financing. The A.B.A. committee, as well as banks with experience in this field, recognize that consumer credit is a highly specialized business.

The survey shows that more banks will make loans direct to consumers than through dealers. This reflects

What the A.B.A. Consumer Credit Survey Showed

| Class of Loan | Number of Banks Handling | |
|------------------------------|--------------------------|----------|
| | Present | Post-War |
| Personal Loans..... | 9544 | 9817 |
| Time-Sales Equipment Loans- | | |
| Household Appliances | | |
| Direct to borrower..... | 5906 | 7128 |
| Indirect through dealer..... | 5107 | 6561 |
| Automobile Loans | | |
| Direct to borrower..... | 8059 | 8829 |
| Indirect through dealer..... | 5933 | 7068 |
| FHA Title I | | |
| Direct to borrower..... | 3784 | 4598 |
| Indirect through dealer..... | 2178 | 2874 |
| Modernization Loans Own Plan | | |
| Direct to borrower..... | 6113 | 7245 |
| Indirect through dealer..... | 2123 | 3047 |

the fact that financing through dealers is more complicated and involves more specialized personnel in the bank and the employment of more control and safety measures. Automobile dealer financing is an example. The bank with resources under \$5,000,000 that plans to do this financing would do well to consult the A.B.A. Consumer Credit Department or its city correspondent that is doing this type of lending.

THAT consumer credit offers tremendous opportunities in the post-war period is clear," said one bank familiar with this lending. "A backlog of deferred demand for automobiles, household appliances, and home modernization exists everywhere. Although people have more money in the bank than ever before, many would rather pay for things out of current income than deplete their savings.

"By preparing now to make consumer instalment loans as soon as the war ends and consumer goods return to the dealers' floors, banks can help minimize the delays and dislocations of the transition period. They will not only be helping themselves gain business and helping their customers satisfy their post-war wants, but they will be helping the nation's economy to make a quick transition back to peacetime conditions, which many economists believe is the key to avoiding a post-war depression.

"Banks have every reason to believe that the demand for this type of loan, and the volume achieved, will increase as the post-war period proceeds. As high war-time incomes and savings diminish, people will have greater and greater need for the instalment financing that banks can provide. The banks that have entered the field, or plan to do so immediately after the war, will be building a sustaining type of business activity."

B. A. F.



National President William C. Way, *third from left, standing*, journeyed cross-country to Oakland, California, for the regional chapter officers' conference in that city

Back to School

COGNIZANT of the fact that trained personnel continues to be the most critical need of the banks, the American Institute of Banking leaders, for weeks past, have worked diligently on plans to accelerate the Institute's educational program.

New textbooks were completed and rolled off the press. . . . Eleven regional chapter officers' conferences were held to encourage countrywide application by chapters of the educational plans adopted at the wartime conference in St. Louis last June. . . . A special campaign was introduced to induce country banks to adopt the study group method of training inexperienced workers. . . . Job Instructor Training classes continue. . . . A master Job Relations Training institute is scheduled for early Fall, at which 12 specially chosen bank representatives will be given "conductor" training and charged with the responsibility of introducing JRT to the banks in their respective areas. . . . A national forum and seminar program has been arranged to discuss "Inter-American Trade and Travel in the Post-War World."

The American Institute of Banking's program is sufficiently varied to answer the needs of every bank employee, because it is geared to the needs of the banks themselves. Thousands of bank men and women all over the land will follow the example set for them during the past 44 years of Institute history and take advantage of the A.I.B.'s unequalled opportunities for vocational training.



National Educational Director William A. Irwin, *second from left, seated*, attended the regional conference in Cincinnati

For the convenience of employees, Los Angeles banks permit the local chapter to hold A.I.B. classes in their lobbies. *Left, below*, class in "Introduction to the Study of Banking," at a branch of Security-First National Bank; *right, below*, class in "Commercial Law I" at a branch of California Bank



Financing Termination Loans

HERBERT BRATTER

MR. BRATTER'S usual *Washington notes* are devoted this month to the discussion of this important subject.

PERHAPS the outstanding banking subject in Washington at this writing is the financing of terminated contracts, particularly T-loans. The idea is to turn contractors' assets promptly into usable funds. According to some predictions, the German army may collapse even before this appears in print.

Whenever the Nazis fold up there will be widespread cancellation of war contracts and subcontracts here, all down the line. For the Government to settle all the claims against it under the 800,000 or more war contracts and subcontracts now outstanding—more than 11 times the 1918 total—necessarily will be a slow process. Meanwhile, manufacturers will want to go ahead with reconversion. To enable them promptly to get funds for working capital for reconversion was the purpose of Congress in passing the Contract Settlement Act of 1944 (Public Law 395—78th Congress, approved July 1, 1944). This law established the Office of Contract Settlement. Pursuant to its terms OCS Director Robert H. Hinkley on August 18 issued General Regulation No. 1 to govern T-loan financing.

Two forms of interim financing of contractors and first-tier subcontractors may be used alternatively or jointly. These are: partial payments, and T-loans. For subcontractors the T-loan is particularly suited. Pending ultimate payment by the Government, the T-loan will make working capital funds available promptly, either for the entire contract, or for a specified fraction of it. In general T-loans will enable contractors, subcontractors, etc., to get from their local banks about 90 per cent of the sound value of their assets frozen by war contract termination.

Director Hinkley's General Regulation No. 1 prescribes the procedure for the guaranteeing of termination

loans by the War Department, Navy Department, and Maritime Commission through the Federal Reserve banks. The regulation is accompanied by standard forms for the T-loan "Guarantee Agreement" and the "Loan Agreement." The regulation provides that in general T-loan guaranties shall not be refused by the contracting agency having the preponderant interest in the borrower's war contracts. The borrower's certification of his investment in termination inventories and receivables and the amounts payable to subcontractors should not be questioned by the Federal Reserve bank or by the contracting agency, unless there is reason to believe that it is substantially overstated in value.

Director Hinkley states: "Financing institutions should be encouraged to make unguaranteed production and termination loans, and the fact that a financing institution has made such an unguaranteed loan shall not affect its right subsequently to apply for a T-loan guaranty, even if the proceeds of the T-loan are used to retire the existing loan."

GENERAL Regulation No. 1 provides for decentralization of administration. Unless the representatives whom the contracting agencies of the Government have for the purpose assigned to the Federal Reserve banks object, the Reserve banks may approve in the field all applications for T-loan guaranties totaling: (a) \$500,000 or less to any one borrower, when the requested percentage of guaranty is not in excess of 90 per cent; and (b) \$100,000 or less to any one borrower, when the requested percentage of guaranty is not in excess of 95 per cent.

Only in exceptional circumstances are the contracting agencies or the Reserve banks to prescribe conditions other than those required under the standard loan agreement. However, additional conditions agreed upon by the borrower and the financing institution, if not unreasonable and not inconsistent with the standard

WASHINGTON—panorama from the Capitol dome, Pennsylvania Avenue straight ahead

HARRIS & EWING





HARRIS & EWING

WASHINGTON—in this view the Senate office building is in the foreground and Union Station is straight ahead

loan agreement, are not to be objected to by the contracting agencies or the Reserve banks.

Since there will probably be a big "traffic jam" after T-day, a bank which expects T-loan applications from its customers would be wise to suggest to such customers at once the arrangement of a bank commitment as soon as possible. A commitment in existence will expedite inauguration of the T-loan immediately upon advice of contract cancellation. After making such commitment to a customer, the commercial bank should, on its part, arrange with its Federal Reserve bank—representing the procurement agencies—for a commitment on the guaranty.

A commercial bank may charge its customer a commitment fee of $\frac{1}{4}$ of 1 per cent,—or, in small contracts, up to \$50. The Reserve banks, on the other hand, make no charge to commercial banks for their commitment.

In applying to its bank for a T-loan commitment, the contractor or sub-contractor supplies a recent balance sheet and a "loan formula certificate," the content of which is shown in the accompanying panel. Thus, the bank considering a commitment knows the amounts which will be due the manufacturer from the Government, advance or partial payments, and any other offsets. With this information in hand, the bank is in a position to apply to its Federal Reserve bank for a guaranty of the loan on behalf of that contracting agency having the preponderant interest in the contractor's war contracts. If the part of the loan which the commercial bank seeks to have guaranteed by the Government does not exceed 90 per cent—or "in the case of small loans," 95 per cent—the Reserve bank will raise no objection. Even higher percentages may be guaranteed, where circumstances warrant.

LOAN FORMULA CERTIFICATE

Pursuant to the Loan Agreement between the undersigned and dated, 194.., the undersigned hereby certifies to the best of its knowledge and belief as follows:

- (1) (a) Principal amount of borrowings now outstanding \$.....
- (b) Principal amount of proposed borrowing, less outstanding borrowings to be refunded \$.....

TOTAL \$.....

(2) The following amounts have been calculated as of 1944 (not more than 30 days prior to the date of this certificate) with respect to terminated war contracts listed on or added to Exhibit C, in accordance with accepted principles of accounting and without duplications:

- (a)% of accounts receivable from governmental contracting agencies aggregating not less than \$..... \$.....
- (b)% of accounts receivable from others aggregating not less than \$..... \$.....
- (c)% of reimbursable expenditures for inventory, including only direct labor, costs of materials, and manufacturing and administrative overhead aggregating not less than \$..... \$.....
- (d)% of reimbursable amounts for sub-contract settlements paid or to be paid concurrently from any new borrowing for which this certificate is furnished aggregating not less than \$..... \$.....

TOTAL \$.....

Less—

- (aa) Unliquidated advance payments, progress and partial payments, and any other offsets, and any amounts included in (a), (b), (c), or (d) above which have been disallowed by the contracting agency . . . \$.....

BORROWING BASE \$.....

(3) No amount is included in (a), (b), (c), or (d) above with respect to any item which exceeds the amount of such item in the borrower's most recent claim, if any has been filed. There has been no change in the amount stated in paragraph two since the date therein specified which would materially decrease the borrowing base.

(4) No event exists which constitutes, or which except for notice or lapse of time or both would constitute, a default specified in the Loan Agreement.

Dated:, 194..

(Borrower)

By
(Name) (Title)

INTEREST charged to customers on T-loans is limited to $4\frac{1}{2}$ per cent. On the guaranteed portion of T-loans the interest must be shared by the bank with the Government on a scale that rises with the proportion of the loan that is guaranteed. Thus:

(CONTINUED ON PAGE 112)

More Readers for Bank Ads

MAL DAVIS

The author is associated with the Bureau of Advertising, American Newspaper Publishers Association.

MANY a business has prospered by taking advantage of the 2 per cent cash discount, and many a banker has been delighted to increase the yield of his investment portfolio by a fraction of 1 per cent. It should be equally good business for bankers to study and apply proven newspaper advertising techniques which will enhance the value of the dollars invested in bank advertising by 100 per cent, 200 per cent or 300 per cent or more, in terms of the number of readers purchased.

A few years ago it would have been quite expensive for a bank to obtain a survey of readership of bank advertising. Since 1939, however, the newspaper industry has provided a scientifically tested and practical tool—at no cost to advertisers—for analyzing newspaper reading habits and measuring the relative efficiency of individual advertisements in attracting readers.

This tool is the Continuing Study of Newspaper Reading, sponsored by newspapers through the Bureau of Advertising, American Newspaper Publishers Association. The actual survey work is done by trained

During the past five years, the Continuing Study of Newspaper Reading has measured the percentage of readers attracted by news items, editorial features and advertisements in 68 newspapers representing a cross-section of the daily press in the United States and Canada. This article presents an analysis of bank advertising based on the studies, and shows that it is not enough for a bank to simply "put something in the paper" if it wishes to get the most for its advertising expenditure. When one out of four bank ads analyzed earns but a 1 per cent reading there is surely an opportunity for improvement.

interviewers and is based on the Gallup principle. Supervision and control of the studies rests with the Advertising Research Foundation, research arm of the Association of National Advertisers and the American Association of Advertising Agencies. In other words, the men who spend millions of dollars annually in national newspaper advertising direct the machinery evaluating the reader-efficiency of their advertisements.

The facts disclosed by the Continuing Study of Newspaper Reading have had marked influence on techniques created for many national advertising campaigns. Consequently, it should be worth while to examine similar findings presented in these articles as they relate to bank advertising and see what opportunities result for devising bank advertising techniques which will also yield substantially increased reading at no increase in cost.

AN analysis of thousands of lines of bank advertising published in the 68 newspapers examined by the continuing study during the past five years reveals that the best bank ad, from the standpoint of reader-efficiency, held the attention of 18 times as many readers as did the bank ad at the bottom of the reader-efficiency ladder. The newspapers studied ranged from 8,000 circulation to 250,000, and represent a coast to coast cross-section of all daily papers in the United States and Canada.

The two best bank advertisements, measured by the reader-efficiency yardstick, are reproduced herewith. Tops was the 546-line ad of the Mutual Savings Banks of Massachusetts. It was remembered by 28 per cent of the men and 51 per cent of the women readers of the newspaper in which it was published, when interviewed the day following publication. This advertisement—using a dominant pictorial technique—achieved a reader-efficiency, or "reader-index," of 51 men readers per line and 93 women readers per line, totaling 144 readers per line for both men and women.

Second best bank ad, only two reader-index points below the leader, was the 70-line ad of the Amoskeag Savings Bank, of Manchester, New Hampshire, remem-

This mutual savings bank 546-line ad employs a dominant pictorial technique and earns top place in reader-efficiency

Can you pick the lucky baby?

BETTY'S DAD BORROWED \$200 when she arrived for hospital, nurse and doctor bills. He paid it back in 12 equal monthly amounts. It cost him \$26.01 more in charges, figured at 14%—the average savings rate for small loans and installment purchases, including interest, investigation and insurance charges.

IT COST HIM \$26.01 more

BOBBY'S DAD SAVED \$200 to pay hospital, nurse and doctor bills. He put the money in the bank in 12 equal monthly deposits. The bank paid him \$3.16—5% interest, the minimum annual dividend rate paid by any Mutual Savings Bank in Massachusetts.

IT COST HIM \$26.01 less

Mutual SAVINGS BANKS
of Massachusetts

THE lucky baby, and we hope you'll agree, is the one who came to live with the man who had learned to save. For thrift makes for a happier home and a more secure future. It's far wiser to put aside a certain sum each month—and receive interest—than to pay out the same sum each month—and not only lose interest...

In a subsequent article to be published in BANKING, advertising techniques which have been scientifically tested and proven successful will be projected in bank advertising terms. These techniques will help substantiate, on a reader-efficiency basis, much of the progressive bank advertising being done today, and will offer clues which any bank can adapt to increase the effectiveness of its advertising.

bered by 5 per cent of both men and women. The technique employed was an adaptation of the panel character, and the ad probably gained an additional plus by appearing on the front page of the paper. Mr. Amos Keag's reader-index came to 71 readers per line for men and 71 for women, totaling 142 readers per line for both.

Here we have a seeming paradox. How is it that an advertisement remembered by only 5 per cent of the men and 5 per cent of the women merits a photo-finish with an ad attaining a reading of 28 per cent for men and 51 per cent for women? The answer lies in the fact that one ad was 70 lines in size, and the other 546 lines. The reader-index dissolves the paradox by converting overall readership figures to a common denominator—the number of readers per line. The reader-index, therefore, is a device enabling us to determine the relative efficiency of advertisements which are unequal in size and unequal in readership results.

THE formula used to obtain the reader-index is simple. Credit every newspaper, regardless of actual circulation, with a circulation of 100,000 men readers and 100,000 women readers. Then multiply 100,000 by the percentage of men or women readers remembering the advertisement, and divide by the number of lines the advertisement occupies. For example, multiply the .05 readership percentages of the Amoskeag Savings Bank by 100,000 and you have 5,000 men and 5,000 women readers of this ad. Evenly distributing 5,000 men readers over a 70-line advertisement (same thing as dividing 5,000 by 70) and you spread your readers out until they average 71 men readers per line. Ditto with the women readers. The more readers per line an advertisement gets, the higher is its reader-index, and the greater its efficiency in attracting readers.

The statistically minded may wonder where the 100,000 figure in this formula comes from, when the circulations of newspapers studied vary greatly. It comes from the same statistical proving ground as does the 1,000,000 figure used in obtaining milline rates. In fact, the formula for milline rates and that for the reader-index is the same, mathematically speaking, though the base figure differs to avoid an end result cluttered with cumbersome decimals.

Using the Reader-index as our yardstick, we find that the two savings bank ads at the top of the ladder were far more efficient than the average bank ad, typified here by the 148-line ad of The Trenton Banking Company which was read by 2 per cent of the men and 3 per cent of the women. The reader-index of Trenton Banking Company's ad is 34 men and women readers per line, the average index of all bank ads analyzed. One quarter

of these bank ads—ranging in size from 70 to 232 lines—received no more than a 1 per cent reading for men and 1 per cent for women, the least efficient ad attracting but eight readers per line.

Now let's shake the dust off these statistics and see what practical applications we can make of them. Surely, when a fourth of the bank ads studied receive no more than a 1 per cent reading there is room for improvement. At least this fact should provide food for thought to the bank advertiser who thinks all he has to do is "put something in the paper" and everyone will read it. And surely, where there is such a wide divergence in the ability of bank ads to attract readers, it would be beneficial to scrutinize the technique factor involved.

The daily newspaper is a tremendously productive advertising medium when properly used—and it is best used when the advertiser knows something about the pattern of newspaper reading, and bears in mind that the newspaper reader "shops" each page selecting news stories and advertisements that contribute something to the reader's particular interests and personal way of life.

In a subsequent article we will examine some of the patterns of newspaper reading to gain an insight into basic reader interests—interests which advertisers must tap if they are to create advertisements of high readership. And we shall explore some of the tools in the newspaper editor's kit bag to see how successful editorial techniques may be applied to bank advertisements. Perhaps by so doing we may be able to add to the wealth of experience acquired by qualified bank advertising men and women, and furnish some guides which will help them develop advertisements that will attract readers more efficiently and sell bank services at lower cost.

Amos Keag says

"Before you decide on the plans for your new house, look at the plans offered by the Amoskeag Savings Bank. They'll give you



and gives you an idea how helpful the Amoskeag Savings Bank can be."



Above.—The panel character technique helps this 70-line advertisement gain second place in its ability to attract readers

Below.—This 148-line advertisement is average for all bank ads appearing in the 68 newspapers examined by the Study. Its reader-efficiency is 34 men and women readers per line

You Do Not Have To Have A Checking Account To ...

.. PAY BILLS BY CHECK

For one small fee you can pay bills with a Trenton Banking Co. Register Check. Soldiers, war workers and people without a checking account can now send money safely and at small cost and have proof of payment in the cancelled check.

THE TRENTON BANKING COMPANY
State & Warren Streets
CHARTERED 1804

The Country Banker

Supporting Farm Prices With CCC Loans

GEORGE Y. JARVIS

The author is an agricultural economist in the Agricultural Department of the American Bankers Association.

THE changed food outlook and the probability that we soon may again be worrying about "floors" instead of "ceilings" for the prices of what farmers sell, were dramatized by the report in mid-September of War Mobilization Director Byrnes.

Predicting that little of our farm production next year will be needed in Europe and that our military buying of food will be cut in half, the report says:

"Congress has committed the Government to support prices but has not appropriated funds to carry out the commitment. . . . Compliance with this commitment may require an appropriation of as much as \$2,000,000,000 in 1945."

The Props for Prices

JUST what are these "commitments" under which the Government is obligated to keep farm prices up? How may the job be done?

A simple classification of the tangle of laws designed to support prices of farm products is:

(1) Laws requiring loans on, or purchases of certain commodities—the six so-called "basic" commodities for which loan programs were mandatory back in pre-war days, and the "Steagall" commodities, that is, certain war crops and livestock products the production of which has been expanded greatly following public proclamations by the Secretary of Agriculture.

(2) Laws dealing *indirectly* with farm prices, such as limitations on the disposal of government stocks of farm commodities, or restrictions on the production or marketing of such commodities by farmers, and measures to increase the consumption or export of "surpluses."

For the "basic" commodities—corn, wheat, cotton, tobacco, rice and peanuts—the law provides that non-recourse loans shall be offered to growers at 90 per cent

of the "parity price" (92½ per cent in the case of cotton) for at least two years after the war. However, if marketing quotas are proclaimed but are opposed by more than one-third of the farmers voting in a referendum, then no loan program need be offered. Another exception to this law is that the President of the United States may determine that the loan rate for corn or wheat may be adjusted downward to 85 per cent of parity if necessary to prevent too great an increase in the cost of livestock and poultry feed. (The loan rate on the wheat crop now being harvested was originally set at 85 per cent of parity but has been restored to the 90 per cent level.)

As for the "Steagall" commodities—hogs, eggs, chickens, turkeys, milk and butterfat, dry beans and peas of certain varieties, soybeans, flaxseed, and peanuts for oil, American-Egyptian cotton, potatoes, and cured sweet potatoes—the law requires price support for at least two years after the war at not less than 90 per cent of the parity or "comparable" price. Prices may be supported "through a commodity loan, purchase, or other operations." With many of these commodities there have been combinations of loans, purchases, and commitments by the War Food Administration to processors or dealers to purchase their inventories of commodities for which farmers have been paid not less than certain specified prices.

In addition to the "basic" commodities and the "Steagall" commodities, for which price supports are mandatory under the law, there are other commodities for which price-supporting loan or purchase programs have been in operation—wool, naval stores, hemp, sugar beets, sugar cane, black-eyed peas and beans, certain fruits and vegetables for processing, barley, grain sorghums, rye, Sea Island cotton, and various kinds of seeds.

There has been much head-scratching in Washington since Congress in passing the act to extend the OPA last Summer inserted a requirement that the President take "all lawful action" through any agency of the

Government to assure producers of either "basic" commodities, or of "Steagall" commodities that they shall receive full parity prices. Also, in case the highest price received for any of these commodities between January and September 1942 was higher than the present parity price, the President must try to maintain the higher level.

Money Trouble

The difficulty with this item of legislation is that there are not enough funds now available to support the prices of all these commodities at the new high levels specified. The wisdom of Congress' refusal to provide the funds may be demonstrated, for support prices that are too high lead to all kinds of trouble, as was discovered by the CCC before the war and by the old Federal Farm Board in 1929-32.

The Byrnes report, in calling on Congress to provide the funds to carry out commitments to farmers to support prices, omits reference to this provision which calls for support of farm prices at parity or better. However, he asks that Congress prescribe methods for carrying out "the price support commitment" and appropriate enough money for the purpose. While he cites the sum of two billion dollars as being necessary for this purpose next year, other estimates in Government and trade circles run as high as three or four billion dollars.

In the remainder of this article there is space only to outline some of the current facts about the lending and purchasing programs of the Commodity Credit Corporation, particularly as they affect banks. The CCC is a Delaware corporation wholly owned by the Government and functioning as a part of the War Food Administration. On June 30, 1944 insured commercial banks held \$504 millions of loans guaranteed by this agency. Most of these loans were made by small country banks.

CCC Programs Involving Banks

BANKS participate in Commodity Credit Corporation programs to support prices in at least two ways: (1) By making non-recourse loans to farmers, and (2) by furnishing funds to dealers or processors who are buying a commodity for the account of the CCC.

The ordinary "commodity loan" is well known in the cotton, wheat and corn belts, and similar loans have also been made to producers of a long list of other commodities but in comparatively small volume. A bank desiring to make "commodity loans," as the term is used here, executes a contract with the Commodity Credit Corporation under which the latter in effect

guarantees the bank against any loss due to a decline in the market value of the commodity securing the loans. The bank can require CCC at any time to buy the farmers' notes at face value plus interest, and thus the notes become in a sense government obligations from the bank's standpoint. From the farmer's viewpoint, placing his crop under the loan is only selling it to the Government with right of repurchase to take advantage of any increase in market value.

The farmer pays only 3 per cent interest, of which the bank keeps half—or only $1\frac{1}{2}$ per cent—for the period during which it holds a commodity loan. CCC gets the other $1\frac{1}{2}$ per cent, and of course, the full 3 per cent after it buys the farmer's note from the bank.

A new type of arrangement has now come to be used to some extent, for example in the purchase programs for wool, peanuts, and Cuban sugar. The concern acting as buying agent for CCC has its bank sign a "Lending Agency Agreement" with CCC which provides that the bank is to advance funds for purchases of the wool, or other commodity, and that it is to receive the proceeds of sales. Certain records are also to be kept. The bank is reimbursed at the rate of $1/8$ of 1 per cent a month for the average balance of its funds thus employed, and small service fees are also allowed under certain conditions.

In addition "Bankers' Contracts" have been worked out for the financing of dealers' and processors' purchases of dry beans, dry peas, soybeans, and some other products under WFA programs. These contracts permit banks to hold CCC paper without reference to Section 5200 of the Federal Reserve Act—meaning that they can be held without limitation as to amount to any one borrower.

Some facts about current programs:

Cotton—Fourth of Crop May Be Financed

NON-RECOURSE loans are being made to producers at an average rate of 19.50 cents per pound for middling 7/8 inch cotton, and will be available until next May 1. This is $92\frac{1}{2}$ per cent of the "parity price" of cotton as calculated for August, while the average price received by farmers in that month was 20.15 cents or 96 per cent of parity. If funds were available, the WFA would be required to support the full parity price, that is, an average of 21.08 cents per pound.

Late Fall in a Kansas farming community



Banks making loans on beans, peas, Irish potatoes and sweet potatoes should send reports and necessary documents to the Office of Distribution of the War Food Administration hereafter, instead of to the Commodity Credit Corporation. While CCC forms and funds still are used, the operation of these programs is now carried on by a different branch of the War Food Administration, and time will be saved by writing direct to the regional offices of the Office of Distribution rather than to the regional offices of CCC.

The September crop report raised the estimate for this year's cotton production to 11,483,000 bales of which it is guessed that perhaps three million bales will be placed under loan. This would mean that something like \$300,000,000 of loans will be made, and banks will probably participate in more than three-fourths of this amount.

Last year, farmers received on the average 19.8 cents per pound for a somewhat smaller crop than is in prospect this year, and 3,595,000 bales were placed under loan at an average rate of 18.41 cents per pound. The amount loaned totaled \$342,100,000.

Corn Loan Program Awaited

A PRICE-SUPPORTING loan to 1944 corn producers will be announced in November and will be available to June 30, 1945. Before planting time last Spring farmers were promised a loan rate in the corn belt at 85 per cent of whatever the "parity price" for corn proves to be this October. (The August parity price was \$1.09 and probably will change little in the months ahead.) Congress later raised the support level to 90 per cent and then to 100 per cent, but apparently did not provide enough funds to support the full parity price. The average price received by Iowa farmers on August 15 of this year was \$1.02 per bushel, and the national average price was \$1.17, or 7 per cent above parity.

The September crop report estimated total corn production this year will be 3.1 billion bushels, just a shade higher than last year, but with a considerable decline in livestock numbers, it is expected that corn prices will weaken and that a considerable quantity of corn loans will be made, estimates ranging up to 200 million bushels. Only 7,723,000 bushels of last year's crop were put under loan, at an average rate of 84 cents a bushel; farmers selling corn last year got an average price of \$1.14.

Large Increase in Wheat Loans Expected

BOTH loans and purchases are being made to support prices for the record wheat crop now flowing to market. Cash wheat prices in the principal markets are fluctuating close to the loan and purchase levels, an indication of their effectiveness.

The average loan rate at the farm is \$1.35 per bushel, compared to \$1.23 last year, and \$.72 in 1940. This year's rate is 90 per cent of the "parity price" which is \$1.50 per bushel now.

A tight storage situation in the market and lack of grain cars have emphasized the importance of farmers "sealing" their wheat on their own farms under CCC loans.

Out of the 836 million bushel wheat crop last year, 130 million bushels were placed under loans totaling \$162 millions. This year the crop is estimated at 1,115 million bushels, and between 300 and 400 million bushels are expected to go under loan.

Of this nearly half a billion dollars of wheat loans expected, banks will make by far the largest part.

Wool Purchased With Bank Funds

BANKS are performing a service that has been little publicized in connection with the War Food Administration program to support prices of domestic wool prac-

tically at current ceilings. Since April 1943, the Commodity Credit Corporation has been essentially the sole purchaser of wool produced in this country, but works through established dealers who buy and sell for its account.

These agents operate with funds supplied by more than 100 designated banks. The banks are paid 1/8 of 1 per cent a month on average debit balances for funds employed in buying and holding this wool.

Purchases of the 1943 clip totaled \$155,000,000, of which the CCC still owed \$81,000,000 to banks at the beginning of July this year. It is expected that total purchases this year will be larger, although domestic production is smaller. More wool is being consumed than ever before but mills are taking large quantities of foreign wool at prices lower than comparable domestic wools, while government stocks of the latter are rising. The wisdom of this policy has been questioned.

Dry Bean Prices Supported Above Parity

A COMBINATION of several devices is being used this year to assure bean growers a level of prices well above the parity price. Agreements are made with dealers under which they are required to pay support prices to growers.

These dealers receive payments by the War Food Administration on beans sold to the civilian trade at OPA ceiling prices, since the ceilings are lower than the support prices which are paid to growers.

Non-recourse loans are also offered to growers through banks and other lending agencies as well as direct from the Office of Distribution. Also, the War Food Administration makes purchases of some classes of beans from dealers in carload lots, or direct from grower through county AAA committees where support prices are not available through regular trade channels.

Last year a similar program was conducted by CCC, under which \$2,544,000 of loans were made on 455,000 cwt. of beans and about a sixth as much were purchased. In addition, contracts were made with some banks to finance bean dealers where legal requirements limited the bank's ability to advance any funds for working capital.

Peanuts Financed With Bank Funds This Year

THE Commodity Credit Corporation is the only authorized buyer of peanuts produced this year, but purchases are made by established shellers, crushers, seed dealers, and farmers cooperatives for the Corporation's account. A number of banks have contracted to supply funds needed in these operations, receiving 1/8 of 1 per cent per month for their funds so employed.

In the case of banks selected by dealers or processors to finance the quotas of nuts which they are allowed to buy from CCC, notes secured by peanuts purchased are executed bearing 3 per cent. One-half of the interest must be turned over to the CCC, which also agrees to buy the notes at face value plus interest accrued at 1½ per cent, if requested by the bank.

Loans covered by this arrangement may be held by national banks without limitation as to amount.

(CONTINUED ON PAGE 100)

Farm Facts and Forecasts

America's Breadbasket

HARVEST time is in full swing on America's farms this month. In some areas, crops have been coming in for many weeks, but the real push will continue from now until late Fall.

Some variation in the season may be expected, according to the War Food Administration, due to late plantings in certain areas and shifts in crops caused by weather conditions. However, there will be no change in the farmer's need of harvest help, or in the importance of sharing heavy machinery and other war-scarce equipment. For example, in areas with large acreages of small grains, owners of combines suitable for custom work will have to help their neighbors if the harvest is to be assured.

The rains that delayed plowing and planting at the same time increased the winter wheat crop about 60 million bushels, with indications of at least a 662 million bushel yield for an advance of 25 per cent over the 1943 harvest, and 16 per cent over the 1933-42 average. Acre yield for winter wheat is expected to be about 16.2 bushels, compared with 15.6 bushels last year, and 15 bushels for the 10-year period.

Hay and pasture prospects appear excellent in most states.

Plenty of vitamins will be "on the market," WFA reports, with record crops of commercial truck crops and citrus being harvested. Estimates on truck crops are for the largest production on record. With an acreage increase of 20 per cent over 1943, decreases in production are anticipated on but four crops—carrots, snap beans, lima beans and beets. The total production of fresh vegetables for market will be about 15 per cent greater than last year's Spring harvest, and 12 per cent over the 1933-42 average. It will top the previous record set in 1938 by 8 per cent. Increases on individual crops over 1943 include a 48 per cent larger production of onions, 21 per cent more cabbage, 21 per cent more lettuce, 20 per cent more tomatoes and green peppers, 10 per cent more peas and 11 per cent more celery.

THE 1943-44 orange and grapefruit crops, picking of which has been completed, set new records, according to WFA. Early estimates were for an 18 per cent increase in oranges over the previous year's record and for 5 per cent more grapefruit. Decreases on tangerines and lemons were reported, however. It is expected that the 1944-45 total crop will again be record size. Conditions are reported satisfactory in Arizona, California, Florida and Texas, where most of America's citrus is grown.

Beating their 1943 production records is the farmers' goal in 1944. At the close of last year's harvest they had achieved a total agricultural production 27 per cent greater than the pre-war average for 1932-41. In addition, they had set a food record more than 29 per cent above the pre-war figure and 5 per cent more than the previous record made in 1942.

With conservation practices bringing important in-

creases in acre yields, more acres planted than were seeded in 1943, and fine growing conditions after unseasonable and heavy rains, the farmers have an excellent prospect of contributing a surplus to America's breadbasket.

Increase in Farm Electrification

ABOUT 40 per cent of United States farms are now electrified, the number jumping from 750,000 in 1935 to 2,454,000 in 1943. The Rural Electrification Administration has made loans totaling more than a half-billion dollars since 1935, with 46 states, Alaska and the Virgin Islands represented among the 875 borrowers. Of that number, 802 are farmer-owned cooperatives.

"Rutin" from Flue-Cured Tobacco

SMOKERS are not the only persons interested in bright or flue-cured tobacco these days. U. S. Department of Agriculture scientists have extracted from it a valuable glucoside called "rutin," effective in treating conditions arising from high blood pressure associated with increased capillary fragility. Found in the leaf only, the quantity of "rutin" varies with the quality of the plant, best yields coming from leaf of high quality. The bright yellow non-toxic powder was not found in the plant stem.

Straw Substitutes for Excelsior

GRAIN straw has been substituting for excelsior, now in short supply, to make the pads that prevent bruising of grapes during transportation and storage. Tests have shown that where other conditions are good, the substitute straw pads are a satisfactory packing material.

Increase in Plant Food Production

PLANT food in the fertilizers used by American farmers in 1944 will total about 650,000 tons of nitrogen, 1,380,000 tons of phosphoric acid, and 610,000 tons of potash, according to government reports. This is an increase of about 43 per cent, 38 per cent and 33 per cent, respectively, for these three principal plant foods as compared with 1941.

Kieffer Pears Require 60 to 65 Degrees to Ripen

KIEFFER pears ripen properly only at a temperature between 60 and 65 degrees Fahrenheit, according to U. S. Department of Agriculture scientists. Warmer temperatures do not hasten ripening but the fruit remains hard, tough, and of poor flavor when cooked. Stored below 50 degrees, the pears do not soften and are not good when cooked, although the fruit may be stored at 32 degrees immediately after picking and then ripened at 60 to 65 degrees two or three months later without changing the quality. Ripening first and storing cold does not work, however, as once softened the Kieffers keep only a short time.

No Jalopy Farm for GI Joe

V. B. HART

The author is Extension Professor in Farm Management at the New York State College of Agriculture, Cornell University.

I HAVE read many letters from men in military service inquiring about "getting into farming" or "having a little place out in the country." These letters come from all over the world, but say about the same thing: "I want a farm or home in the country, but I don't have much money"; and many say they have had no practical farm experience or have a physical handicap, or both. Apparently GI Joe has developed an even greater hunger for land than he has ever had for ice cream or home cooking; and there is no dodging the economic and social headaches this hunger may cause if not properly handled.

The average man getting out of military service will have a few hundred dollars from his discharge pay and savings, plus some help on credit under the new GI bill. His combined cash and credit resources will, however, be small compared with the amount of money necessary to buy and equip one of our good farms. When we tell GI Joe that he ought to start out as many others have, by working as a hired man or tenant on a good farm, he just isn't interested. He wants to own his own farm and to be his own boss; and he isn't planning on letting a little matter like lack of capital stop him.

The youngster who, before the war, had visions of burning up the roads in a big high-powered sport roadster, but had only \$25, didn't wait until he could buy his ideal before he got behind the wheel of his own car. He bought the kind of a car he could get for his \$25. That boy who bought the \$25 jalopy is today GI Joe, who now wants a farm and home of his own.

GI Joe may not have the money to buy a good farm, but he has heard about abandoned farms that "can be bought cheap." The thing he does not realize is that al-

most invariably the abandoned farm was abandoned because experienced farmers found it just doesn't pay to operate it. Unless GI Joe gets some good sound advice that he will take, he is going to sink his savings in a jalopy farm.

Even if GI Joe wants "just a little place out in the country where I can live while working in town," he is in danger of making some serious mistakes. One is expecting that a garden, a family-sized flock of hens, and a cow will be a substitute for a pay envelope if he loses the job in town. Another mistake he may make, especially if he has never lived in the country, is that of buying a place without public services and conveniences like a good road, electricity, school bus service, and a good water supply. A third mistake to which GI Joe is also vulnerable is that of starting to farm some abandoned land thrown in with the deal when he bought a house in the country.

SOME persons say this is a free country, and if a returning veteran wants to buy a farm which experienced farmers have found it does not pay to operate, or buy a place on a dirt road without public services or conveniences, he should be allowed to do it. But who is going to pay the bill for such mistakes? Not just GI Joe alone. If a returning veteran gets stuck with a jalopy farm where he cannot make a living, the public is going to have to support him and his family until he gets located where he can do it himself. Also it is going to be mighty difficult to pry him loose from that property in which he has sunk his savings.

If GI Joe buys a home in the country three miles back on a dirt road without electricity, school bus service, and mail delivery, he is going to ask that these services be extended up to his place, and that the town or county "do something about fixing up the road." The job of helping Joe to satisfy his hunger for land in a way that will mean a minimum of mistakes, is not only one of fulfilling a moral obligation, but a plain business proposition of saving taxpayers' money.

We are fortunate that in the majority of our agricultural counties, special committees of farmers have been appointed to cooperate with county agricultural agents in providing advice and guidance for these returning veterans who are looking toward the land. But Joe may not even know about farm committees and county agents, and when he has reported back to his local draft board, he is foot loose and free, and under no obligation to go to anyone for advice or guidance.

"Boys are only men grown tall, but hearts don't change much after all"; and the kid who used to tear by your bank in his \$25 jalopy is today our GI Joe. Some day soon he is going to drop off the bus in your town or mine, and start looking for that farm or home in the country. Let's be watching for him, and see that he gets the right kind of advice and guidance.

A farm nobody wants

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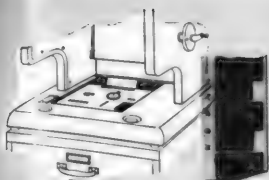
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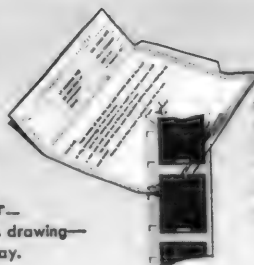
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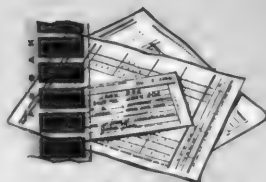
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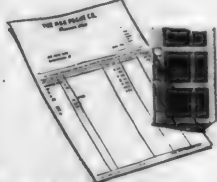
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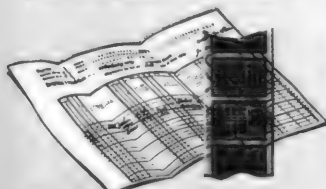
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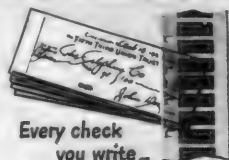
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IS IN
FILMS?



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Merchandising Country Bank Services

Achievement Awards

TO WIN the interest of rural youth in projects advancing sound farming methods, the New York State Bankers Association is distributing project achievement awards to some 55,000 youngsters, according to George J. Sluyter, chairman of the association's Committee on Agriculture, and president of the First National Bank of Herkimer.

This year's insignia, made of white felt with green imprint, are wartime substitutes for the gold, silver and bronze pins which the association has distributed each year since 1927.

Since the war, New York reports, there has been a steady increase in the number of 4-H achievement winners. The 1944 total of 55,000 is more than double the 1940 group and is 5,000 greater than last year. This is attributed to the greater activity in 4-H Club projects largely stimulated by banks, and in part to the large number of city children who have become eligible for achievement awards through raising Victory gardens, chickens, and carrying on home economics projects.

Typical 4-H projects open to both boys and girls in this section include the planting and cultivating of legumes, corn, and other cereals, soil conservation, potato raising, market gardens, poultry, dairy and beef cattle, sheep, and other livestock. Special projects included home ground beautification, forestry, wildlife conservation and nature study, agricultural engineering, farm management and fire prevention. Of special interest to the girls are such projects as floriculture, home improvement, food preservation and storage, health and safety, home management and clothing textiles.

Scholarships for Two 4-H Club Members

THE New York State Bankers Association is giving financial aid to two 4-H Club members, a boy and a girl, entering college this Fall. A \$150 award was made to a freshman boy entering the New York State College of Agriculture and a \$150 award to a freshman girl entering the New York State College of Home Economics. These

Leander Glover, Jr., left, Suffolk County (N. Y.) 4-H leader and prize-winning potato grower, receives the 1944 4-H achievement insignia from George J. Sluyter, chairman, New York State Bankers Committee on Agriculture, while Professor Albert Hoefer, state 4-H leader looks on



News Notes

THE Country Bank's Portfolio of United States Portfolio of United States Government Securities" manual is being used by country bankers as a means of informing their directors and major stockholders regarding the operation of their government bond portfolios. Additional copies of the manual can be had by writing to the Commission on Country Bank Operations.

* * * *

More than 3,000 country banks have already requested the cost analysis service recently offered by the Commission on Country Bank Operations and more requests are being received daily.

The cost analysis service was recently offered, without charge, to country banks with resources of \$5,000,000 or less after its methods and results had been tested in more than two years' experience by 300 banks.

* * * *

Banks of 37 states were honored during the second war service meeting of the American Bankers Association in Chicago at the annual farm breakfast, when they received the annual "1,000 plus" award for outstanding service to agriculture in their states. This is 10 more states than received the award a year ago.

scholarships for freshmen were established in 1940 by the New York association and have been renewed each succeeding year.

Directors Reports

THE Farmers and Merchants State Bank, Stanley, Wisconsin, has a practical reporting system which keeps directors fully informed on the work and progress of the bank. It is a loose leaf manual, in leather binder, indexed for officers' reports, investment program, investment policy, bond account, monthly operating statement, monthly financial statement, annual statement. The investment program is covered on two mimeographed sheets and outlines the method whereby the whole reporting system is set up. This is not duplicated monthly, but mimeographed reports under other headings are added each month.

The officers' report gives a digest of the ratio of interest paid to total deposits, and interest received to deposits, bonds, loans, etc. A summary of the monthly bond transactions is also given, as well as a memo of orders in the market.

The investment policy form breaks down deposits public, demand and time. It shows primary and secondary reserves, loans and discounts, the investment account, both theoretical and actual figures.

BANKING

The bond sheet lists the par and issue, description rating, rate per cent, maturity, call price and date, cost and book value, showing the total applicable to secondary reserves. A similar form is used for bonds applicable to the investment account.

The comparative monthly operating statement blocks the operating income, deductions and accruals, and draws a total on estimated net profits. A somewhat similar although more itemized form covers a comparative statement on assets and liabilities.

Each form carries a note—"This sheet for use of Mr. _____."

President W. M. Miller says the above system has been highly satisfactory in keeping directors posted on the bank's condition at all times. While the system may not be practicable for large bank operation, it is an ideal set up for small institutions which do not as a rule provide directors with reports in handy form for their guidance and information.

Livestock Plan

ONE of the first major projects undertaken by the Rocky Ford (Colorado) National Bank was the purchase of 96 yearling and two-year old Holstein heifers for distribution to 4-H Club members. After the purchase, the bank formed an advisory committee of club members who classified and priced the heifers at amounts which aggregated the total investment. Then a drawing was staged and the calves distributed to the lucky winners. Other projects in the bank's current program include the encouragement of activity in dairy and beef cattle, poultry and hogs, financed on easy terms for local youngsters. At the annual state fair, the bank donates a pure bred calf for the ever popular "Catch It and Keep It" contest.

50 Per Cent Loan Increase

EARLY in 1943, the First National Bank, Valdosta, Georgia, inaugurated an "outside" program under which each executive officer devoted one afternoon a week to farm calls, with weekly meetings for group discussion of calls. Due to lack of uniformity and the apparent need of a follow-up system, the program was later put in the charge of the bank's cashier and managed through a newly created farm loan department.

With the aid of county agents, vocational teachers, key men in the community and neighbors, a master file was compiled on farm landowners and tenants, and analyzed with credit information, and particularly their ability to increase farm production. The announcement of the new service was made by personal letter, followed by personal calls; later newspaper and radio advertising.

Supplementing the field work, senior officers attend farm meetings, visit 4-H and FFA meetings, attend vocational agriculture classes, livestock sales, and help promote fat cattle shows. Additional missionary work is done in the schools, both white and colored. The youth program is now in full swing with 30 yearling steers financed to FFA members, which will be exhibited and sold at the fat cattle show next March.

J. H. Williams, vice-president states: "Our crop loans increased more than 50 per cent this year. Our contacts have enabled us to finance tractors and other equipment

which otherwise would have meant crop losses, due to the labor shortage. We have helped many farmers improve livestock with loans for pure bred animals.

"We believe this plan of salesmanship is very effective. The average farmer enjoys visiting—everyone has a pet project or animal he enjoys showing off. And, too, in most cases farmers look to the future, inquiring whether they may depend upon us for help in financing post-war equipment, increasing livestock, and expanding their farm operations generally."

Under the First National program of field contacts a call sheet is maintained for each prospect, showing the amount needed by the farmer for crop purposes, and a résumé of his program for improving or expanding production. Commitments, if any, are noted on the report and indexed so that officers are familiar with the progress of each account while the cashier works afield.

Farm Doctor

THE Alamosa (Colorado) National Bank reports that its field work is handled by Earl O. Linger, livestock man and retired rancher, who with an assistant visits the bank's agricultural borrowers at least once a year. In former years two bank officers made the annual rounds, not necessarily with a view to inspecting chattles, but rather as friends and neighbors.

J. L. Ginder, assistant cashier, states: "Whenever our livestock men and farmers have an operations problem they call upon Mr. Linger for advice and recommendations. We have found this engenders goodwill, since many have profited handsomely from timely, practical suggestions. Calls upon our farm adviser have steadily increased from year to year; our patrons consult with him much the same as they call their doctor or vet."

The "Know-How"

THE FOLLOWING comments by James Bishop, Jr., manager of the Agricultural Development and Loan Department, First National Bank & Trust Company, Macon, Georgia, are in reply to our question—What are the requisites of good farm service?

"A farm department should be staffed by capable officers and employees who possess a practical knowledge of farming, farm problems, farm values, and farm

(CONTINUED ON PAGE 60)

Agricultural loan committee of the First National Bank & Trust Company, Macon, Georgia—l. to r., W. G. Lee, chairman; Marion H. Liles, president; James Bishop, Jr., manager; J. Mack Jordan, adviser; and J. K. Hogan, executive vice-president





Will this be the trend in postwar home construction?

You've heard a lot of fantastic predictions about postwar housing . . . but there has been some good sound thinking, too.

Leaders in the construction field are coming to the conclusion that homes *designed, built, and financed complete with labor-saving equipment* will hold the center of the postwar stage.

It is becoming more and more evident that houses equipped with electric range, refrigerator, dishwasher, automatic heating, and other electrical appliances will have greater consumer appeal.

Says a recent issue of *American Builder*, "The day has arrived for homes to be sold with at least the basic mechanical devices and equipment arranged to deliver better living."

A three-way "plus" —

The buyer will get greater satisfaction from a home that includes the electrical appliances he wants and needs. And, when such equipment is covered by the mortgage, any increase in monthly amortization payments will, in almost all cases, be offset by actual savings in operating expenses.

The builder will have houses with greater appeal to offer. The built-in, labor-saving devices will provide additional features which should do much to promote sales—as well as provide word-of-mouth advertising—for the builder.

The banker, too, will benefit because efficient, money-saving equipment will increase the home-buyer's ability to keep up his payments. A mod-

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THE IN
October
BANKING



ern, fully equipped home represents a sounder mortgage investment because it increases the buyer's *desire* to avoid risk of foreclosure, as well as his *ability* to meet mortgage payments.

We've got some answers

Since as far back as 1936 the General Electric Home Bureau has been studying the problems

involved in building "electrical servants" into the home.

We feel that we have got some of the answers to some of the questions which you may want to ask.

We'll be glad to help. *Home Bureau, General Electric Co., Appliance and Merchandise Department, Bridgeport, Conn.*

FOR VICTORY

General Electric is working night and day to speed the attack.

You can help, too, by buying and holding more War Bonds than before.



Everything Electrical for After-Victory Homes

GENERAL ELECTRIC

TIME IN: "The G-E All-Girl Orchestra," Sunday 10 P. M., E.W.T., NBC—"The World Today" news, every weekday, 6:45 P. M., E.W.T., CBS.

MERCHANDISING—Continued

financing. No patronizing air should be assumed toward the farmer; they should be treated as equals and made to feel their business is wanted and appreciated.

"Other essential requisites are giving farmers a leisurely rather than a hurried hearing and sympathetic understanding in discussing their financial needs. It is particularly important that the service must always be courteous and prompt. No "red tape" or unnecessary delays should be permitted. For the convenience of our farmer-friends our department is open from 8:30 A. M. to 5 P. M. daily and a separate, outside entrance to the department has been provided.

"In developing plans for our department, we have contacted and secured the active interest and cooperation of all officials and personnel of the Agricultural Extension Service at both the state and county levels. In addition, we have explained our plans to our correspondent banks with whom pleasant relationships have been built up over a period of years and whose friendship and goodwill we desire to retain.

"To properly publicize our department, we have obtained from public records of each county in our trading area a list of all farmers who have received credit within the past three years, including those who have borrowed from the PCA. Additional lists of farmer-taxpayers have been carefully analyzed and set up for mail contact and personal calls. On the initial call we make it a point to spend enough time with the prospect at his home or farm to win his friendship and his respect for our ability to help solve his problems, financial and otherwise. A superficial or hurried visit produces little or no results.

"We feel banks have a responsibility in developing better markets for customers, and in working out improved and effective methods of processing and distribution to increase the profits of farm customers. We have, therefore, employed an agricultural agent to assist in this work. He cooperates closely with the Extension Services and with farmers individually and collectively. There is, of course, no service charge on his time, and he is available to any individual or group in the territory.

"In establishing our department we realize that time and effort will be required to achieve the aims of our program. We believe that it is both an opportunity and duty for commercial banks to develop short-term farm loan business to eliminate government competition at the earliest possible moment. It will not be easy for private organizations to recover and permanently retain this business unless it is done on a constructive basis and through taking a positive attitude."

Auction Sales

THE Northwestern State Bank, Cumberland, Wisconsin, ran a record in 1943 of clerking 99 per cent of the 75 auction sales held within the county. Small advertisements in the local newspaper announcing a flat charge of 5 per cent of gross sales as handling cost froze out competition from finance companies whose rates ranged up to 10 per cent with special fees and bonuses.

"When a farmer approached us," says President A. J. Quinn, "we took him into the office, sat down with him and explained that for years the banks in our territory

had been clerking auction sales for a 2 per cent fee, the seller paying his own auctioneer and advertiser. We explained that our fee was made possible through the cooperation of one of the outstanding auctioneers in our section, who recognizing potential volume agreed to cry auctions at a flat 2 per cent, while the necessary advertising could be handled through the bank's channels for a little less than 1 per cent.

"The clerking fee, however, was not the important thing; we were serving our community and the individual. We were able to secure a large number of loans through this service, and retain customers for the bank.

"Our field man has become an expert auction salesman. Both he and the professional auctioneer visit the farm prior to the sale, inventory his stock, take care of all advertising, and suggest to the farmer just how he can brush up his livestock and repair equipment to bring honest values. All the farmer was obliged to do was say 'go ahead' and the job with its details were done.

"We consider the auction service a splendid advertising opportunity for the bank. The farmers appreciate the service since their time is pretty well absorbed in work, and they are not too familiar with auctioneering practice, and welcome the complete and dependable bank service."

Ad Program

ASKED how the Farmers National Bank of Salem, Ohio, promotes business, John J. Lewis, manager of farm service, replies:

"Twice a year we mail broadsides to every rural boxholder in the Salem area. We use the local *Farm & Dairy* weekly newspaper, and strive for catchy ads stressing our service of immediate appraisals, which always pleases the farmer. We have also used J. I. Case Company advertising.

"Quite frequently we tour the country snapping pictures of good crops, herds, farm buildings, etc., and furnish prints to farmers with our compliments. Each year we have a booth at the state fair and feature a guessing game with 10 War Bond prizes. The booth is furnished with comfortable chairs which invite weary feet to rest awhile. This year at the Columbiana County Fair we are working with the Secret Service Bureau on a special display of counterfeit money for educational purposes. This, we think, is one of the finest ways of getting in touch with farm customers—at the fair, where they like to talk and visit."

County fair-goers get a real kick out of the guessing games sponsored by the Farmers National Bank of Salem, Ohio





★ ILLINOIS ★ INDIANA ★ OHIO ★ PENNSYLVANIA ★ NEW JERSEY ★ NEW YORK ★

Where Opportunity Knocks Continually

IN "The Erie Area"—the Industrial Heart of America—you will find all of the natural advantages so essential in the fulfillment of your immediate and future plans for industrial progress.

For in this area, Nature has anticipated your needs by abundantly providing coal, petroleum, iron ore, gas, lumber, sand, lime, salt, agricultural products, and basic materials for plastics.

All these natural resources, *plus* the



fact that your biggest markets are right at hand—served by the fast, dependable transportation of the Erie Railroad—make this the land where opportunity knocks continually.

For any special information you may require and your copy of our new map of "The Erie Area", write to George F. Weston, Industrial Commissioner, Erie Railroad, Midland Bldg., Cleveland 15, O.

Erie Railroad



FIGHTING ACRES CAN KEEP FIT

The necessities of war draw heavily on soil fertility as well as on the nation's store of manpower and wealth. But today many farms are *keeping fit* in spite of this heavy load. On these farms, intelligent management is saving soil *and building it* . . . with home-made terraces, contour farming, strip cropping, and grassed waterways to carry necessary run-off.

Where formerly it required the rental of expensive grading machinery and a heavy crawler tractor, thousands of acres are now being terraced with farmer-owned equipment. Today, dependable broad-based terraces can be economically constructed by the farmer himself, with the regular tractor plow (mold-board or disc), which he already possesses.

The door to soil-building conservation farm-

ing is open to all progressive farmers, wherever soil erosion and water control are a problem. It is no longer necessary for farmers to hire outside help, nor wait for months until special equipment is available.

With modern power implements, they can construct their own terraces; establish grass protected waterways; create a paying system of contour farming and strip cropping. The result . . . *fighting acres* which stay in *fighting trim* — for bigger yields, more profits, and better living, now and in the years ahead.

ALLIS-CHALMERS
TRACTOR DIVISION • MILWAUKEE 1, U.S.A.

Write for authoritative new booklet
"YOU HAVE WHAT IT TAKES
TO CONTOUR AND TERRACE"
It illustrates terracing with a plow, building waterways, and contour farming.
Published by Allis-Chalmers in the
interest of preserving our most vital
resource — the soil.



METHODS and IDEAS

JOHN J. McCANN

VT Manual

A SIMPLIFIED (as much as possible) explanation in question and answer form of regulations governing VT loans was recently distributed by the MARINE TRUST COMPANY of Buffalo, New York, to a selected group of local manufacturing executives. No special fanfare accompanied the mailing of the interpretation, merely a note stating that the material was prepared by a vice-president who had made an exhaustive study of the subject, and that the recipient might find it helpful.

War's End

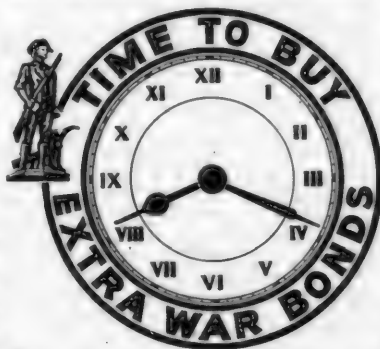
IN BANKING (September issue) this column described a contest for checking accounts sponsored by the LIBERTY NATIONAL BANK AND TRUST COMPANY, Louisville, for employees, including the group in service at home and abroad. The contest is scheduled to end on Armistice Day, November 11, or upon the day Germany capitulates by total surrender. The main feature of the contest, and one which brought a wholehearted response, is an opportunity to guess the month, day, hour and minute of the war's end; the winners receiving attractive cash prizes.

It is interesting to analyze the first large batch of responses, many of them from ex-employees fighting on French soil. The earliest guess was August 22, the latest November 11 at 11:59 P.M. Some 26 per cent of the contestants think the date would be during the first two weeks of September, while 21 per cent are counting on their guess for the second and third week of October. The most favored date was September 9 at 9 A.M., and October 10, at 10 A.M. These guesses were evidently based on the Armistice Day of World War I—the eleventh month, eleventh day and eleventh hour.

Display

IN THE interest of a wide knowledge of the important part which foreign commerce will play in our national economy during the post-war period, the United States Rubber Company is exhibiting in the windows of the Rockefeller Center Office of COLONIAL TRUST COMPANY, New York City, a display featuring raw materials, many of which

are imported from Latin America and other parts of the world, and finished goods for both export and domestic consumption. Commenting on the feature, Arthur S. Kleenman, said: "This display is sponsored by our foreign division which, of course, has a deep interest in financing imports and exports to the end that two-way trade may be established and maintained to the mutual advantage of the United States and countries throughout the world with which we maintain commercial relations."



Here's a poster idea for window or lobby use during the Sixth War Loan campaign. The poster can be made in color and any size, according to the individual bank's need

Contract Termination

THE MANUFACTURERS AND TRADERS TRUST COMPANY, Buffalo, New York, recently created a separate department, under the direction of the chairman of the bank's loan committee, to consult with contractors and subcontractors on termination problems. The department will be manned by four members of the staff who are being trained in contract termination schools for this specific job.

Vice-president Neil D. Callanan says: "I believe we are the first bank in the country to install such a department, from the comments we have received from the Service Command of the United States Army. To originate the department, we sent a group of senior officers to Washington where they spent considerable time in conference with the heads of the Army Service Forces. When these men were adequately prepared to discuss termination procedures, we announced the department by addressing a personal letter to each contractor in the Buffalo area, and followed this with personal calls upon contractors

who had already established contract termination departments of their own.

"We have offered to aid these people in their work with their subcontractors, and have had a very enthusiastic response; many of them felt we could be quite helpful. Our letter to contractors brought many requests for booklets and for personal discussions with officials of the companies.

"In addition, we have also written to each of our correspondent banks in the western New York area, offering to assist them or any of their customers on contract termination problems. This likewise has brought hearty responses from bank officials.

"We have undertaken this activity because we believe it is a distinct service to business, and that it can be most important in aiding the rapid reconversion of industries in this area to peacetime production. Therefore, we are putting much energy into bringing this service to the attention of all primary and subcontractors in the district. Civic units and the Army departments have been very enthusiastic in their commendation of this service, and it has acted as a rather unofficial correlating agency between all the official and unofficial corporations developing interest in termination of war contracts."

Bondex

THE MORRIS PLAN BANK of (Richmond) Virginia passes along a suggestion for keeping tabs on employee bond sales during the next War Loan drive, a system which the company has used successfully in the past. The records of sales made by employees, who are organized in teams, is kept on 3 x 5 index cards. Each employee is given a supply of bond applications upon which he writes his name inconspicuously across the top before distributing them to friends and customers. At the end of each day, the applications presented at the bank for bonds are checked, and all applications bearing an employee's name are credited to his name on the master card file, listing the number of bonds purchased, maturity value, series and purchaser.

During the last drive this system showed a credit to employees for 949 bonds with a maturity value of \$237,000. It is said to be a simple, practical plan—

If YOU have ^{1 hour} ^{2 1/2 hours} COPYING PROBLEMS like these...

Wills and Trust Agreements
Signature Cards
Trust Statements
Tax Returns
Statistics and Correspondence
Financial Statements
Questionable Checks
Subpoenaed Ledgers
Real Estate Records
Personal Loan Accounts
Assets and Security Listings
Financial Publications

PORTAGRAPH
PHOTO-COPY



WILL SAVE YOU TIME AND MONEY

In banking operations there are frequent occasions...nearly every day...where copying problems arise that necessitate the removal of a stenographer from her regular important work—for as much as thirty minutes to several hours. You can save 90% of this manual copying time with the use of a *Portagraph*.

Yes, with the Portagraph photo-copier, any record—whether single sheets or bound books—can be easily copied, even with inexperienced help. Checking to assure accuracy is not necessary and omissions of important information are simply impossible. And, best of all, Portagraph costs no more than a typewriter. For further details, contact the nearest Remington Rand office, or write to...

PHOTOGRAPHIC RECORDS DIVISION
REMINGTON RAND INC
BUFFALO 5, NEW YORK

one which eliminates any question of proper credit for bonds sold.

Bond Record

SALES of War Bonds during the last drive by the 131 mutual savings banks of New York State amounted to more than \$57,000,000, according to figures just released by the Savings Banks Association office. This total was made up of June sales of \$30,350,000 and July sales of \$26,900,000 and brings total War Bonds sales for the group in the first seven months of 1944 to \$165,268,634.

Deposits continued to increase during July with a gain of \$52,201,632 bringing the total deposit liability to another new high of \$6,623,076,186. Similarly the number of accounts open were increased to 6,378,600 by a July gain of 22,599. These figures definitely indicate that aggressive War Bond selling, even to the point of appealing for deposit withdrawals for purchases, has little effect upon new deposits.

After October 1, it is expected that the savings banks will offer the added service of immediate redemption of War Bonds in accordance with Treasury Department regulations. Details of the plan, which will round out the War Bond sales and safekeeping program of the savings banks, have recently been announced by the Treasury.

Delivery

COMMENTING upon the TOLEDO TRUST COMPANY's service to bond buyers during the last drive, Harry E. Gail, assistant treasurer, says: "We are very proud of our record in handling the sales end of the Fifth War Loan drive; the set-up was so arranged that all 'E' bonds were in the mail the day following the acceptance of subscriptions at various district headquarters.

"They were picked up on regular calls by the transportation committee, delivered to fixed locations, verified and proved, placed in the hands of the production personnel the following morning and were in the mail that afternoon."

A rubber stamp bearing the slogan "Issued During the Invasion" was placed on each bond for the purpose of giving it added "retention" value. The public liked the idea.

Civic Approach

WITH an eye on the post-war development of industry, many banks are doing a job in sectional and national advertising to attract new business to its trade area: the kind of a job that has

(CONTINUED ON PAGE 66)



"What goes on here?"

A FAIR question, thinks little Oswald, for his reputation as a host is at stake.

"Looks like we're serving soup—for dessert!" says he, worried about the end of a perfect party . . .

Naturally, his mother blames it all on the refrigerator. But she's wrong. The trouble really lies in the antiquated wiring circuits in the Bjones kitchen.

You see, everything but the kitchen stove is hooked onto the same circuit that serves the refrigerator!

As a result, the circuit is overloaded and all appliances connected to it operate ineffectively. The refrigerator motor, for example, fails to come up to the proper speed and the protective device shuts it off to prevent damage to

the motor. Consequently, the refrigerator doesn't keep the ice cream hard.

Overload in home wiring also reduces lighting efficiency—slows down cooking—runs up the monthly electric bill.

• • •

Better wiring is one of the best ways of deferring obsolescence—of adding to a home's resale value.

You can add to your service to clients by explaining to them why electrical equipment and wiring in homes they build or buy should be brought up to 194X standards.

HELP FOR YOU

We will be glad to send a free copy of "Electrical Living in 194X" to banks, building and loan associations, insur-

ance companies, and other financial organizations interested in postwar housing.



You will find this 64-page book especially helpful when explaining to prospective home owners the urgent need for better wiring in their future homes.

WRITE: Better Homes Department, (B-104) Westinghouse Electric & Manufacturing Company, Pittsburgh 30, Pa.

Westinghouse

Plants in 25 Cities

Offices Everywhere

TUNE IN: John Charles Thomas, Sunday 2:30, EWT, NBC . . . Ted Malone, Monday, Wednesday, Friday 10:15 pm, EWT, Blue Network

October 1944



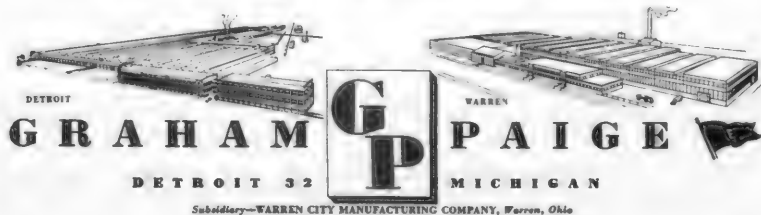
DRAWN FROM OFFICIAL U. S. MARINE CORPS COMBAT PHOTOGRAPH

A QUIET LAGOON

FROM THE OFFICIAL
U. S. MARINE CORPS REPORTS

THIS lagoon on Tarawa was the scene of the bitterest fighting during the victorious American attack on that desperately defended island. Wreckage floated in the water around the Amphibious Tractors as they advanced against the seawall and the Jap positions behind it. In a few short hours this beautiful South Sea lagoon was turned into an inferno. The defenses that Japan's master minds dreamed up for their South Sea bases did not anticipate the Amphibious Tractor (LVT), called the "Alligator" by our Armed Forces because of its ability to swarm over an enemy position.

At Detroit, Graham-Paige produces the famed "Alligators," as well as precision components for aircraft engines and naval torpedoes . . . at Warren, Ohio, its Warren City Manufacturing Subsidiary produces LCM-3 landing craft, mechanisms for warship engines, and other essential war material.



METHODS—Continued

always been a chamber of commerce prerogative. For example, THE NATIONAL CITY BANK OF CLEVELAND calls attention to the new chemical manufacturing center which is spreading out along the shores of Lake Erie. This development springs from an unusual combination of basic factors vital to many industries for profitable peacetime manufacturing and distribution. Besides location, the Cleveland area affords nearby natural resources in great plenty, and highly developed industrial services, says the ad. Then it notes to the interest of manufacturers of chemicals and plastics the abundance of such resources as limestone, dolomite, coal, silica, salt and the produce of farms and forests, the advantage of low cost power and the adequate supply of skilled and unskilled labor.

Such campaigns have an institutional flavor, not so much from a banking standpoint as that of the virtues of the community. The bids for new industries that are being made now through bank advertising take the long view of developing community wealth.

Hauk Case

SAFE deposit men will be interested in a booklet containing the full proceedings of an Appellate Court decision involving a suit brought by Walter Hauk against the FIRST NATIONAL BANK of Highland Park, Illinois, over alleged negligence in the disappearance of \$10,500 from a safe deposit box. The bank has printed the full text of the action which resulted in recovering a Lake County circuit court judgment, thus vindicating itself of all responsibility.

The bank's case was predicated upon the contention that the relation between both parties was that of bailor and bailee for hire. The appellant was not an insurer of the safety of the contents of the appellee's safety deposit box, but was required to use ordinary care and diligence. Ordinary care in such cases is such care as every prudent man takes of his own goods, and ordinary diligence in the preservation of such goods is such diligence as men of common prudence usually exercise about their own affairs.

The Appellate Court ruled that the verdict was against the manifest weight of the evidence, and the trial court erred in refusing to set it aside and grant a new trial. The judgment was therefore reversed and the cause remanded.

(CONTINUED ON PAGE 68)

So they turned the ocean into a well!



American ingenuity makes salt water fresh for G. I. Joe!

The charge beyond the beachhead has moved to a sweaty, noisy fight for every bush and palm tree.

Then . . . a clamor for water. You collect canteens and trudge back. And there on the beach is drinking water—sparkling clear as the old spring back home!

Less than an hour after you splashed ashore the Seabees and their portable "waterworks" had turned the ocean into a well . . . at a rate of 3,000 gallons a day!

You drink and drink. Nothing ever tasted so good! And as you head toward your platoon, those gurgling canteens seem light as eiderdown!

Our men in combat are getting pure water. It may come from the sea . . . it may be from stagnant ponds . . . but when G. I. Joe gets it, it's pure—thanks to American ingenuity!

At advance bases, portable compression-type stills insure the water's purity. To save fuel, they're now equipped with a supercharger, specifically designed for the job by Borg-Warner's B-W Supercharger Division. And they're delivering up to 175 pounds of pure water for every pound of gasoline they burn . . . compared to the old ratio of 37 pounds of water per pound of fuel. Thousands of gallons of gasoline are saved!

Normally, this Borg-Warner division works to improve the performance of gasoline and diesel engines. Its success in cutting the cost of water purification is a perfect wartime demonstration of Borg-Warner's quick adaptability to new problems of design and engineering.

Borg-Warner's basic principle, "design it better—make it better", has long guided the production of many items of essential equipment now in daily use by almost every American. Now, Borg-Warner factories are producing more than 100 items for war.

BORG-WARNER

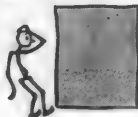


Peacetime makers of essential operating parts for the automotive, aviation, marine and farm implement industries, and of Norge home appliances . . . these units which form the Borg-Warner Corporation are today devoted exclusively to the needs of war: BORG & BECK • BORG-WARNER INTERNATIONAL • BORG-WARNER SERVICE PARTS • CALUMET STEEL • DETROIT GEAR AIRCRAFT PARTS • DETROIT VAPOR STOVE • INGERSOLL STEEL & DISC • LONG MANUFACTURING • MALDEN • MARVEL-SCHLEBLER CARBURETOR • B-W SUPERCHARGERS, INC. • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • NORGE • NORGE MACHINE PRODUCTS • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION • WARNER AUTOMOTIVE PARTS • WARNER GEAR

WARTIME LETTERHEAD PRIMER!

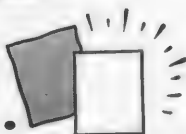


Today



... many non-rag and part-rag papers tend to be somewhat dull and grayish — the unavoidable result of wartime shortages of bleaching chemicals.

But . . .



ALL-RAG paper, such as Masterline all-rag Anniversary Bond, remains just as white, clean, crisp, permanent and impressive as ever! . . . a sure cure for wartime "letterhead-aches"!

Only cent more per letter

All-rag Anniversary Bond costs only 1/5¢ more per letter than 25% rag-content stock. That's not even cigarette money! . . . Only 6¢ a day if you use 10,000 letterheads a year.

**Includes printed, lithographed and engraved samples of Anniversary Bond . . . plus extra sheets for you to test in your own way. Write to:*

FOX RIVER PAPER CORPORATION, 401-J S. Appleton St.
Appleton, Wisconsin.

All-Rag ... ONLY



MORE PER LETTER

ANNIVERSARY BOND

A FOX RIVER

Masterline PAPER

METHODS—Continued

Reminder

THE EAST RIVER SAVINGS BANK, New York City, has made a vigorous effort to keep inactive accounts to a minimum. Currently its reminder letters enclose a blotter which reads:

**I'LL TALK IF YOU DIP ME
IN WATER**

(After dipping, this message mysteriously appears:)

Your inactive account like this invisible ink can be brought to life through your action. . .
Won't you please take action now?

Military Currency

THE GUARANTY TRUST COMPANY of New York has on display in the lobby of the bank's main office a framed exhibit of various types and denominations of military and occupational currency.

The exhibit comprises 32 different notes, including the special series of United States "yellow seal" notes and those used in the Territory of Hawaii, as well as Allied military lire and francs, British military currency and British military lire, Netherlands Indies guilders and Japanese invasion currency.

Statement Ad

THE DENVER (Colorado) NATIONAL BANK gives the American Red Cross Blood Bank an effective plug with an appeal for donors imprinted in light red over the full area of monthly checks.



FREE

Comparison Kit

Compare all-rag Anniversary Bond and part-rag paper side by side. Write today . . . on your business letterhead . . . for unique, FREE "See for Yourself" Kit.*



statements. Wood-block type asks "HAVE YOU Been a Blood Donor this Month? More donors are needed. For details call Alpine 1441—it isn't difficult. Save a Fighting Man's life today!"

(CONTINUED ON PAGE 70)

STATEMENT... WE ALONE CAN MAKE:

"WE'VE COMPLETED
A BANK CONTRACT
EVERY 10 DAYS FOR
OVER 30 YEARS!"

that's a lot of contracts... over 1,000
all. They cover new buildings, re-
modeled building, new fixtures and
remodeled fixtures. Our range of expe-
rience includes some of the largest bank
building projects in the country. Typical
is the modern, combination bank and office
building structure. Whether you contem-
plate minor remodeling or an entire new
building, it will pay you to avail yourself of
our services. Our highly specialized architect-
engineers will save you loss of time and
money, frequently the result of costly
mistakes due to inexperience. Mail the
coupon TODAY. There is no obligation.



**Bank Building and
Equipment Corporation**
OF AMERICA

BANK BUILDING and EQUIPMENT CORPORATION of America
9th & SIDNEY STS., ST. LOUIS 4, MO.

Gentlemen: On or about _____ we contemplate:

- | | |
|--|--|
| <input type="checkbox"/> New Building | <input type="checkbox"/> New Fixtures |
| <input type="checkbox"/> Remodeling Building | <input type="checkbox"/> Remodeling Fixtures |

Without obligation please furnish us complete information
as indicated.

Name _____ Title _____
Bank _____
City _____ State _____

Safe Deposit Forms

READER interest in the set of safe deposit forms published in September BANKING prompts us to continue the series used by THE PENNSYLVANIA COMPANY, Philadelphia. Reader comment is invited:

Safe Deposit Box Forced for Non-payment of Rent

Rent being unpaid for more than years for Safe Deposit Box No. under lease to

at the Girard Ave Branch of The Pennsylvania Company for Insurances on Lives & Granting Annuities, the Lessor; and the Lessee(s) having failed to surrender to the Lessor the said Safe Deposit Box or any of the keys thereto, despite notice to do so, mailed to Lessee(s) as indicated by copy attached, the Lessor, pursuant to the provisions of the lease, has caused this Safe Deposit Box to be forcibly opened, on the date recorded below, and in the presence of the branch manager and/or assistant branch manager, and witness.



Correspondent Bank Service

A policy of strict adherence to sound banking principles has brought to this bank correspondents from every part of the country. They find here adequate facilities and competent counsel.

The bank needing a Chicago correspondent will find an association that should prove pleasant and profitable.

The First National Bank of Chicago

Building with Chicago and the Nation since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Record of Contents

The following articles were found in the said Safe Deposit Box: Immediately upon completion of the transaction, the following statement was dated and signed: WE HEREBY CERTIFY that we were present in person in the Vault of the Lessor the entire time the above Safe Deposit Box was being opened, that the said Box was never out of our sight during the transaction, and that as soon as the Box was open, we examined it carefully, and that the above Record of Contents is a complete, correct and exact record of all contents found in said Box. The undersigned Witness also certifies that he is not an employee nor a stockholder of the Lessor company.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this day of 19 For the PENNSYLVANIA COMPANY, Etc.

Branch Manager and/or

Assistant Manager
WITNESS:

Signature

Name and Address

Outdoor Board

SEATTLE-FIRST NATIONAL BANK's effective 1944 advertising has a theme—"YOUR BANK BOOK, THE BOOK OF THE YEAR"—which was developed primarily as a device to permit the tabulation of the various types of bank loans and services on outdoor boards without



cluttering. It proved readily adaptable to newspaper, car card and radio advertising. Use of a theme, which is at once a promotional peg and a promotional magnet, delineates the book-of-the-year advertising of the SEATTLE-FIRST NATIONAL BANK as unusually interesting and effective.

Fidelity Certificate

"A BADGE OF DISTINCTION" is the title of a message to bonded employees carried in the new fidelity certificate developed by the Indemnity Insurance Company of North America. This certificate is being offered to policyholders

(CONTINUED ON PAGE 72)

DIEBOLD **V-28** POSTING TRAY

33 $\frac{1}{3}$ % More capacity
Speeds up machine posting

The versatile record tray, with effortless operation for faster filing, finding, sorting, stuffing. The multiple separator construction prevents buckling or curling of lightest tissue copy paper as readily as the heaviest weight index records. Easily accommodates ledger cards for all types of posting machines. No follower or compression mechanism. Portable—compact—sturdy.

The outstanding features of the V-28 Posting Tray have created a rapidly growing demand for it. Several models now ready—to provide smooth routines—to simplify and speed up operations—to reduce costs.

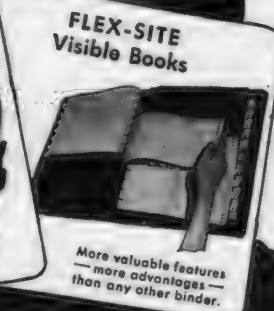
DIEBOLD, INCORPORATED
 CANTON 2 • • OHIO

DIEBOLD PRODUCTS

Cardineer — Rotary Visible File
 Tra-Dex — Vertical Visible Tray
 V-28 — Posting Tray
 Fibre Stak — Storage Files

- *Safes
- *Vault Doors
- **Receding Door Safes
- **Electric Rekordesk Files
- **One Hour Insulated Files
- **Insulated Utility Chests
- **Money Chests
- **Steel Storage Files
- **Reveldex•RotaryReference File
- **Reference Panels
- **Holdup Equipment
- **Flex-Site — Visible Binders
- **Transfer Binders

Items not marked are not restricted
 *Available — restricted
 **Not being built during emergency
 ***Certification only required



METHODS—Continued

who are covered by fidelity bonds in an effort to remove any lingering doubt in the bonded employees' minds as to the motives of his employer for including him in the instrument.

The message reads in part: "Through your employer, we have just issued an honesty bond which includes your name. This bond is a badge of distinction which is given to properly qualified applicants; hence, you will undoubtedly feel a justifiable pride in the knowledge that you are included."

"Your employer has purchased insurance as a part of a comprehensive plan to avert any possible cause of disaster to his business and your job. In



this way, he is safeguarding your future as well as his own." Then follow certain cautions which will help the employees maintain a good bonding record.

The idea appeals to employers who are reluctant or timid about bonding old and trusted employees, or any employees, for that matter. And of course its primary purpose is to give bonded employees a new and better estimation of the need of this type of insurance.

Consumer Credit Forum

THE Lancaster (Pa.) Chapter of the American Institute of Banking, in cooperation with the Federal Reserve Bank of Philadelphia, will conduct a seminar on consumer credit this Fall.

Sessions will be held on six successive Thursday evenings and will be approximately one and one-half hours in length.

These are some of the subjects to be discussed at the seminar—What relation does consumer credit bear to the financial picture of the country? What should commercial bankers do about it? How should they prepare to meet the competition of existing lending agencies in the consumer credit field? How should a commercial bank operate and manage a consumer credit department?

Dr. C. A. Parry, head of the Consumer Credit Division of the Federal Reserve Board, Washington, D. C., will appear on the program along with C. A. Sienkiewicz, vice-president and James V. Vergari, head of the Consumer Credit Division of the Federal Reserve Bank of Philadelphia.

Banks and bankers in eastern Pennsylvania have been invited to participate.

Fly Leaves

We've often wondered—since we became so conservation conscious—what purpose a blank fly leaf serves in the average checkbook, why shouldn't it be put to some practical use—an advertising message for example? But now G. Loren Spry of the CANADA TRUST

(CONTINUED ON PAGE 74)

An Announcement

The Banks and Bankers' Division of Mercantile-Commerce has been developed through the years to render the most efficient, helpful type of service to our correspondents everywhere.

We take pleasure in announcing that this Division is now under the supervision of

MR. WILLIAM A. McDONNELL

while direction of the Division's activities will continue to be in charge of

MR. LEO D. KELLY

Today, with extensive contacts, every banking facility, and the cumulative experience of eighty-seven years of banking, Mercantile-Commerce pledges continuing, dependable service in the years to come.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Stops the Run on Nature's Bank ★ ★ ★

★ Furrows like these a century ago were used to protect pioneer farms from prairie fires. Today they protect farms from permanent destruction by water. They secure not only the solvency of a single farmer but the prosperity of whole communities.

These furrows are the beginning of a broad-base terrace, built by the farmer himself with his own tractor and moldboard plow. The space between is the "island" in the Island System of terrace-building developed by the U.S.D.A. Soil Conservation Service. The finished terrace will have slopes so gentle and a shallow channel so wide that modern machinery will work the land as if they were not there.

This slight bulge is a bulwark against erosion. It halts running water, makes it walk slowly, sometimes stand still. Because water can steal

soil only when it runs, the terrace stops withdrawal of the fundamental farm resource. What's more, it increases the rate and stability of returns from that resource. For example, eight-year records on 143 terraced bean fields, totaling nearly 11,000 acres, show average yields 33 percent greater than similar adjacent fields without terraces.

Terracing is one of many methods of soil conservation and other advanced farm practices to which Case gives active support. Case has produced movies in full color showing why and how to build terraces both with the moldboard plow and the one-way disk plow; also bulletins giving every step in terrace-building with each type of plow. Ask for copies of these bulletins, and about availability of the films for your own showing. J. I. Case Co., Racine, Wis.

New Practices Safeguard Farm Investments



THE LEAD-OFF MAN IN MODERN FARM PRACTICES

Actual application of advanced farm methods is done with machines. The man closest to point of application is the farm machinery merchant. Case dealers take special interest in soil conservation practices, inspired by leadership of the company and the outstanding suitability of Case machines for such methods. They work in close harmony with the U.S.D.A. Soil Conservation Service, state extension services, and county agents. They all welcome participation by bankers in measures to encourage conservation practices.

CASE



METHODS—Continued

COMPANY, London, Ontario, counters with a "\$64 answer": Instead of putting fly leaves either blank or printed at the front of check books to protect the first check, why not substitute a printed blotter? Can you picture any customer pulling out a blotter that will be useful for as many times as there are checks in the book? Unlike the checks, the blotter should be bound in without perforation.

Souvenirs

THE FIRST NATIONAL BANK, WISCON-

sin Rapids, has offered local service men and women facilities free for the collection and display of war trophies sent or brought home from all over the world. The collection will be assembled and arranged for public display. The bank has suitable space and hopes to conduct the collection in such a manner as to make it permanent in the city. Naturally all trophies offered to the collection will be identified as to ownership and will remain the property of the service men or women who contributed them. Men and women in service, or their parents and relatives, have been requested to phone the bank for details.

Employee Relations

WHETHER we like to admit it or not, a new man in the driver's seat is on trial with his subordinates. It has always been so; it is a human trait. But before we grow too philosophical on the subject, we want to tell the story of a little stunt in employee relations that had a profound effect in the FIRST-CENTRAL TRUST COMPANY of Akron, Ohio.

Unbeknown to President Ned Patterson, the bank's public relations department produced a special issue of the house organ commemorating his first anniversary in office. The issue carried a number of candid camera shots taken during the year showing Mr. Patterson discussing personal problems with employees, greeting old hands at the teller's annual dinner, enjoying close harmony in an impromptu quartet, and some college-day pictures borrowed from the family album. The text contained an observing reporter's report of the president's day, commenting on his habits and hobbies, and his business methods. Also a review was given of the year marked by many achievements and innovations.

Government Properties

A NEW committee of St. Louis business men to handle the vital problem of disposal of government-owned properties, plant equipment, materials and supplies after the war has been set up by the St. Louis Chamber of Commerce and will be headed by John W. Snyder, vice-president of the FIRST NATIONAL BANK, former executive vice-president of the Defense Plant Corporation.

In tackling the situation, the chamber sizes up the great effect which unmanaged surpluses of materials and supplies, estimated nationally to range between \$60 and \$100 billion, would have on local markets and distribution generally. In the St. Louis area alone the Government has reported that nearly \$400,000,000 has been expended for industrial facilities since the defense program started in 1940. This represents investments in plants and equipment alone for approximately 100 plants. In addition, some \$125 million has been expended privately for further expansion of local manufacturing capacity.

As chairman of the board Arthur G. Drefs declared, the purpose of the St. Louis program is to organize the machinery to shorten the reconversion period in the St. Louis area and prepare the way for immediate action when legislation gives the go-ahead signal.

(CONTINUED ON PAGE 76)



TOP QUALITY IS NOT EXPENSIVE

The difference in paper cost between using the very best all-rag paper for letterheads such as Eagle-A Coupon Bond and the very cheapest wood pulp paper is less than one-half-a-cent per letter.



QUALITY SPECIFICATIONS

The official letter paper specifications for the President of the United States call for 100% rag content paper — WHY? — because the dignity of his office, as well as the permanent importance of his correspondence, make the highest quality paper an imperative choice.

Thoughtful business executives, bankers, lawyers, accountants and other professional men realize that important correspondence or documents demand "good form". It is not enough, however, that paper should "look the part". Letters or documents which may have legal value years hence, should be entrusted only to the strongest, most permanent paper — such as

EAGLE-A COUPON BOND

It is the paper to use for prestige-building stationery and documents that require outstanding strength and permanency

EAGLE-A PAPERS
AMERICAN WRITING PAPER CORPORATION
HOLYOKE MASSACHUSETTS

BUY WAR BONDS — SAVE WASTE PAPER — DONATE YOUR BLOOD

FRIDEN

FULLY AUTOMATIC CALCULATOR



Visible Fully Automatic Multiplication... *a patented Friden Feature, makes completely Automatic Multiplication a reality.*

This amazing, fully automatic Calculator will be shown in Exhibit No. 18 in the Educational Display Convention at the Stevens Hotel in Chicago. We invite you to witness a demonstration of the completely effortless manner in which an operator can compute Straight Interest, Compounded Interest, Interest on Partial Payment, Federal Reserve Discounts, Average Daily Balances, Foreign Exchange, Amortization Schedules, Annuities, Bond Prices.

Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canada.

FRIDEN CALCULATING MACHINE CO., INC.

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA, U.S.A. • SALES AND SERVICE THROUGHOUT THE WORLD

Cooperation

A LETTER addressed to this department from Edwin J. McEwan, executive vice-president of the New Haven Chamber of Commerce, tells its own story:

"In a very recent campaign which we conducted without any outside assistance to sell our post-war action program to the business and professional people of New Haven and, incidentally, to double the income of the New Haven Chamber of Commerce, the UNION NEW HAVEN TRUST COMPANY volunteered to

turn over to us its August issue of the *Journal*—the bank's house organ.

"The entire issue deals with our program and was written by an advanced advertising man with such effectiveness that its receipt by nearly 5,500 individuals and firms in this city contributes in no small way to the success of our efforts.

"It was probably one of the finest pieces of assistance that any bank ever contributed to a chamber of commerce campaign."

Proud of Name

PROUD of its membership in the national banking system ever since 1864.

THE FIRST NATIONAL BANK of Paterson, New Jersey, is featuring that membership in one of a monthly series of half-page ads being used currently to celebrate its 80th anniversary year.

Under the title, "The Foremost Name in American Banking—First National," the advertisement begins by pointing out the wide familiarity of the word "First National," as follows:

"If you had just arrived in a strange city and wanted to find a good hotel, a good restaurant, or a good service station to care for your car, you'd probably ask the first person you met to name such a place.

"But if you wanted a bank, it's ten to one you'd ask for it by name. You'd say, 'Where's the First National Bank?'

"Why is that? Why do the words 'bank' and 'First National' just naturally go together, like 'ham and eggs' and 'bread and butter'?"

The advertisement then briefly traces the origin of the national banking system as a means of helping finance the Federal Government during the Civil War, contrasts the banking facilities then available with those which have helped finance World War II, and concludes with a box of statistics on the part which the country's banks—including THE FIRST NATIONAL BANK of PATERSON—have played in World War II.

According to the advertisement, the name "First National" originated as "a badge of patriotism." The advertisement is therefore illustrated with two line drawings in which a Star-Spangled motif predominates.

"If we've done the copy job in this advertisement which we tried to do," says F. Raymond Peterson, president of the bank, "it ought to strike a responsive chord in the heart of every national bank in the country."

"You told us not to play commando . . . so we played politics and had a mudslinging campaign!"



One-half the people in the eleven western states reside in California. This is the West's greatest market. If, in your own surveys, the present and post-war opportunities in California occupy an important place, remember this: At Bank of America, which serves California through branches in more than 300 cities and towns, planning for tomorrow is second only to the task of meeting the vital banking and financial needs of today. Executives throughout the country are finding the services of this bank invaluable, whether their interests lie in the field of agriculture or industry, in reaching a vast consumer market here, or in approaching future foreign markets beyond the Pacific. Inquiries receive prompt attention.

CAPITAL FUNDS . . . \$ 171,776,392.04
DEPOSITS 3,767,443,322.19
RESOURCES 3,975,493,006.15

(As of June 30, 1944)

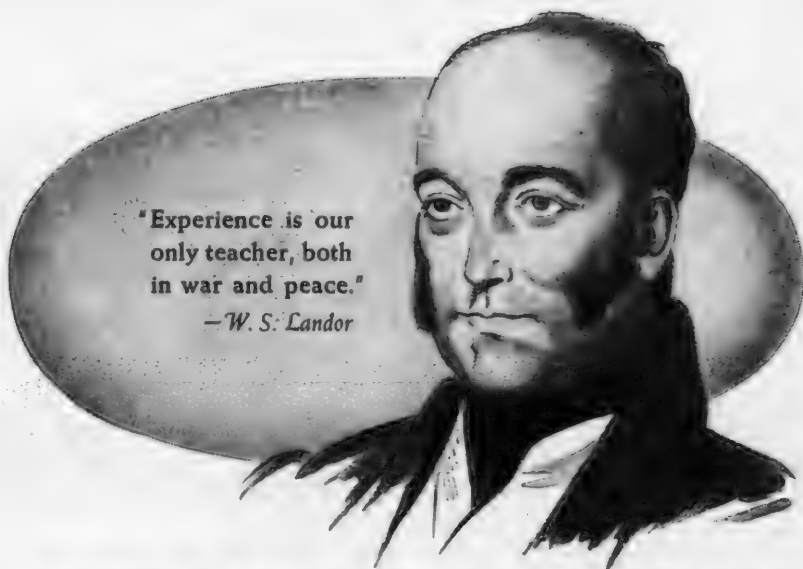
Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER . . . FEDERAL RESERVE SYSTEM—FEDERAL DEPOSIT INSURANCE CORPORATION

Complete Banking Facilities - Commercial - Savings - Trust - Safe Deposit
Main offices in two reserve cities of California . . . San Francisco - Los Angeles



Blue and Gold BANK of AMERICA TRAVELERS CHEQUES are available through authorized banks and agencies everywhere. Carry them when you travel.



"Experience is our
only teacher, both
in war and peace."

—W. S. Landor

**...Lawrence System offers bankers 30 years of
specialized experience in Field Warehousing...**

WITH the cancellation of many war contracts, the gradual release of surplus materials, and the reconversion to production of consumer requirements, the need for inventory loans will be greater than ever. Customers who have a large percentage of their current assets tied up in inventories of raw materials may need immediate working capital and will seek the aid of their banks during this period of financial readjustment. Bank loan officers can look to Lawrence System for field warehousing plans that are time-tested and absolutely sound.

The Lawrence Warehouse Company has pioneered the development and uses of field warehousing; and has specialized in the operating detail and skilled personnel.

For over 30 years inventory loans have been successfully handled with banks throughout the country. Hundreds of commodities—both raw materials and finished products—have been used as acceptable collateral. Probably the many inquiries from your customers are no exceptions.

Inventory loans when backed by field warehouse receipts issued by Lawrence Warehouse Company are a profitable source of income and good will to banks. The Lawrence System experienced personnel will be glad to assist loan officers with any inventory loan problem. Write or phone the Lawrence office nearest your bank. Your inquiries will be considered confidential. Service will be rendered from coast to coast.

LAWRENCE WAREHOUSE COMPANY

Field Warehousing **FOR BANK LOANS AGAINST INVENTORY**



New York: 72 Wall Street • Chicago: 1 N. La Salle Street • San Francisco: 37 Drumm Street • Los Angeles: W. P. Story Building • Buffalo • Atlanta • Cincinnati • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Jacksonville, Florida • Dallas • Houston • Denver • Fresno • Portland, Oregon

Small Estates Service

G. M. WALLACE

MR. WALLACE is president of the Security-First National Bank of Los Angeles, California.

A SUBSTANTIALLY increased flow of new business of good quality has been received by our trust department as a result of the opening on March 27, 1944, at our head office, of a new section called the small estates division. This division publicizes the fact that it is prepared to accept for probate estates as small as \$1,000. Its service is available through all of the 114 offices and branches of the bank, although the actual administration of the estates will be at one of the bank's five trust departments.

Organization of the small estates division represents an attempt on our part to be of service to persons of average means and to combat the persistent and widely held popular belief that trust services are only for the rich and are obtainable only at a high price. Furthermore, we wished to be prepared to meet the new situation created by the decline of large fortunes and the substitution of many estates of small and medium size. These changes, we felt, justified a

This illustration is part of a newspaper advertisement used in a series of promotional ads introducing Security-First National's small estates division

Now—a complete, skilled
ESTATE-SETTLEMENT SERVICE
for estates as small as \$1000



View of the new small estates division of the trust department of Security-First National Bank of Los Angeles



modification of the new business approach of our trust department.

In promoting our small estates division we took no steps until we were certain that our purpose was fully understood by our staff and the project would have the complete support of our large organization. Accordingly, the entire merchandising plan was discussed at an early meeting of our trust department officers and department heads. Key officers from other departments of the bank were also present. Branch managers were advised regarding the plan and printed matter sent to all branches in advance. Only when we were certain that our advertising efforts would be properly followed up did we release any newspaper space or use radio time.

We began our advertising in a modest way with 100 words of copy on a 15-minute evening newscast. At the same time we ran newspaper copy about a quarter page in size, depicting the new department and announcing its purpose. All advertising used at the beginning and thereafter followed a very simple pattern. We announced the new small estates division, stated its purposes, mentioned \$1,000 as the minimum sized estate, and concluded with a table of fees. Because we cooperate closely with attorneys we mentioned their work in every advertisement. Radio time and newspaper space were supplemented with printed matter, statement inserts, lobby and window posters and even classified advertising. All advertisements carried the simple message outlined above, with particular stress on the \$1,000 limit and the table of fees.

The first intimation we received that we had struck a responsive chord with

the public came in congratulatory editorials which appeared in the Los Angeles newspapers following our first announcements. The Los Angeles Times in a full column editorial, spoke most favorably of the new venture. It reviewed the record of the trust companies in handling large fortunes in California in early days and indicated that the innovation we had made was very timely and in line with changing economic conditions. The Los Angeles Herald spoke of the organization of the small estates division as a feather in the cap of western finance, which had already pioneered in many new banking developments. Numerous papers in our area carried a short news story about the new division.

FOLLOWING the appearance of our first announcements, we received at our branches an almost immediate increase in inquiries. The new division opened on March 27, and at the end of April the figures for new business showed a very surprising increase over the previous month. Not only new appointments as executor of wills, but immediate fee business as well, showed a strong increase. The month of May told the same story, dollar-volume being almost double that of the previous month. In turn, June business was far ahead of May. In all, during these three months we obtained an amount of business nearly double that of the corresponding period of 1943, breaking a 15-year record for our bank.

The immediate acceptance on the part of our large staff of the proposition that today's conditions demand a

(CONTINUED ON PAGE 80)

Have you heard about Checkerdale?



CHECKERDALE is a definite *postwar* community plan that's available *today*. It's an idea based upon increased community service ... an idea that is practical and proven profitable—yet flexible enough to allow for individual differences in the community and its needs.

There may be an opportunity to put this Checkerdale plan to work in your community. It can mean an improved community agriculture, better local farmers and more banking profits.

The man in charge of Checkerdale in your

area is the Purina field man. He will soon be telling the Checkerdale story to the Purina Dealers of your section. Why not ask the Purina Dealer in your town for the name and address of the Purina field man serving the territory? Then write him that you would like very much to attend his dealer meeting at which the Checkerdale idea is to be explained. It will pay you to do this!

PURINA MILLS
St. Louis 2, Mo.,

COMMUNITY BUILDERS



DEDICATED TO THE BUILDING OF THE AGRICULTURAL COMMUNITY

THIS EXHIBIT MAY BE SHOWN IN YOUR BANK . . . FREE!



Vividly portraying the matériel that War Bonds provide . . . this display will stop traffic and sell War Bonds!

You may borrow it . . . free . . . for a ten day exhibit period in your bank. (Only expense involved is express charges to you — less than \$5.)

Sponsored by LOOK Magazine, this exhibit stresses the point that Bonds buy the things we need for victory — thus Bonds bring total victory ever closer.

All illustrations were taken from the pages of LOOK Magazine. The exhibit is non-commercial and its *one* job is to help you sell Bonds. It measures 3' 6" in height, 4' 6" in width, and 1' 6" in depth. It comes to you all assembled — ready for display in your bank window or lobby.

A letter or postcard requesting it, addressed to the address below, will make sure that your bank will receive one.

LEE HOWARD ADVERTISING COMPANY

1700 Broadway

NEW YORK 19, NEW YORK

Small Estates

(CONTINUED FROM PAGE 78)

change in the new business methods of trust companies, and that this change should be in the direction of the solicitation and handling of business of a more popular character, was a major factor in obtaining the favorable results noted above. Not only our branch managers and trust advisors, but newspapers, radio stations, advertising agencies and others associated with the campaign found a real satisfaction in getting behind the project. Responses from attorneys was also favorable.

What the future holds for our small estates division can only be surmised. To date the new venture has served to obtain some very substantial trust business for us plus desirable publicity along a line in which there has been widespread popular misunderstanding. Some modification of our policies and plans will undoubtedly be made as time goes by and we gain experience. Already it seems certain, however, that the popularization and humanizing of trust service is a project suitable to our times, and one with a significant and important bearing on post-war banking.

40-Cent Minimum Wage Notice

THE American Bankers Association has been advised that a wage order poster for the finance, insurance, real estate, motion picture and miscellaneous industries is now available and, under the wage order, "must be kept posted and maintained continuously in readable condition in all establishments and every department of such establishments where covered employees of these industries work, or report on or off duty."

Robert C. Washburn, director of the Information and Compliance Branch, Wage and Hour and Public Contracts Divisions, U.S. Department of Labor, New York City, has asked the Association to notify its members of the posting requirement and that the required posters are available at any regional, branch, or field office of the Wage and Hour Division, or through the National Office, 165 West 46th Street, New York 19, New York.

In War, As In Peace

Neither war nor peace changes the basic reasons why hundreds of American banks continue to use Central Hanover as their New York correspondent — constructive advice on investment portfolios, personal attention to special needs, routine business handled with care and dispatch.

CENTRAL HANOVER BANK AND TRUST COMPANY

NEW YORK



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

North of the Border

OUR 46th



YEAR

Successful Trust Promotion

"Our Trust Department is growing rapidly, and trust new business development is very promising. In 1944 we expect to double the number of 1943 appointments. The indications are that this can be done."

Many such reports emphasize the fact that current conditions *increase* your Trust Department's opportunity to get business. A Purse program can help you make the most of that opportunity.

Without obligation, let us send complete information by mail

The PURSE Company

Headquarters for Trust Advertising
CHATTANOOGA, TENNESSEE

BUY WAR BONDS

CANADA now claims to have the most generous program of benefits for servicemen on demobilization of any of the United Nations. Recent legislation enacted by Parliament provides that every member of the naval, military and air forces will, on retirement or discharge, receive the following war service gratuity: For every 30 days of service in the Western Hemisphere, \$7.50; for every 30 days of service overseas, \$15 plus a bonus equivalent to seven days' pay and allowances for every six months of service overseas. The gratuity is payable in monthly instalments and will be supplemented by a credit equal in amount.

The credit will be available for 10 years but must be used for certain purposes such as the purchase or improving of a house, the purchase of furniture or a business, etc. The gratuity and credit are not available to draftees who have not volunteered for active service anywhere.

All servicemen are eligible for the rehabilitation grant of one month's pay and allowances plus a clothing allowance of \$100. A private, for example, who is married, has two children and has served one year in Canada and two years overseas will be entitled to claim \$1,244 in all. These benefits, except the reestablishment credit, are in addition to free vocational courses and maintenance grants, assistance in purchasing a rural or suburban home under the Veterans Land Act, and other rehabilitation schemes. Life insurance up to \$10,000 may be purchased from the Government at special rates without medical examination. The total cost of the benefits is estimated at \$750 million.

DONALD GORDON, chairman of the Wartime Prices and Trade Board, announced in September the first major move towards the reconversion of Canadian industry to a peacetime basis. Fourteen orders of prohibition of civilian manufacture and 53 orders of standardization in the metals field were canceled immediately. Articles which may now be produced in pre-war diversity range from small screws and silver plated hollow-ware to bathtubs, baby carriages, furnaces and a number of small electrical appliances.

Mr. Gordon warned the public, however, that the return of these goods is conditional upon two factors: (1) The availability of materials and labor in the face of war priorities; (2) the ability of manufacturers to sell these products at the same prices as they did in 1941 when the price ceiling was introduced. He went on to point out that price control would be retained after the war as long as it was needed to avoid inflation. At the end of the fifth year of war the index of the cost of living in Canada had risen by only 18 per cent. In the United States the increase was 27 per cent; in the United Kingdom 29 per cent and in Australia 23 per cent.

R.I.C.P.



Greeting
at Quebec

PRESS ASSOCIATION

TO BANKS
WITHOUT A FOREIGN DEPARTMENT

*Seeking Profitable,
Timely Business*

LETTERS OF CREDIT—both domestic and foreign—are increasingly used as a financing method by business today—whether as buyer or seller. There are definite, practical reasons for this trend—time saved, flexibility permitting quick decisions in concluding a deal, and reduced time involved in credit investigation.

You do not need a foreign department to participate in this trend. *You* provide the judgement of credit and knowledge of the character and standing of the borrower; we provide the mechanics of issuing the Letter of Credit. Your customer benefits, and both your institution and ours are adequately compensated.

Write us about Letters of Credit and we will explain how we can "get together" on handling such transactions.

**THE PHILADELPHIA
NATIONAL BANK**

PHILADELPHIA 1, PA. ★ ORGANIZED 1803

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 29)

We are ready in America for a new demonstration of the multiplication of national income, national wealth, in-

The philosophy behind consumer

The spirit and purpose with which we set about this function will determine our success in making this a magnificent country where democracy is being fulfilled on a broad front through the vision, energy, and skill of the people, organized by private effort as opposed to the conception and direction of the state.

We invite inquiry as to how this bank can help solve your transit and collection problems.

Euclid at East Sixth



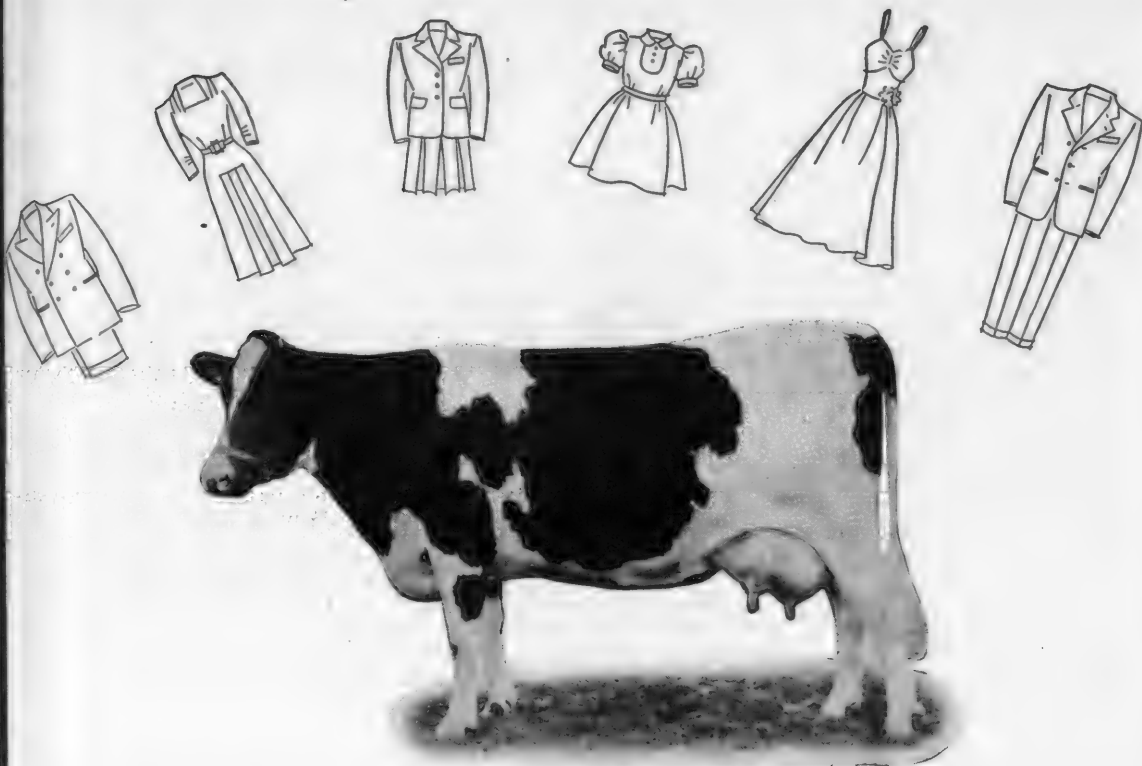
and Terminal Tower

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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The lines and wrinkles in a person's face are generally trade marks.



WHEN COWS START GIVING SUITS AND DRESSES...

WHAT THEN?

When suits and dresses are also made of milk, when plastics come from soybeans, and rubber tires are made of grain and cotton . . . when agriculture becomes a chief source of raw materials for industry, we will have crossed the threshold of the soundest and most lavish era of prosperity mankind has ever known.

This is no mere dream. The research chemist has pointed the way. He has taken every important farm product apart and put it together in strange new ways that can mean a steady market for the farmer.

The main obstacle that stands in the way of this new era of prosperity is the plain fact that costs of production in agriculture are too high.

They will remain too high until agriculture is completely mechanized with machinery as modern and efficient as that of industry. Industry can buy raw materials from the farm

only at a price that enables it to make a profit.

Furthermore, farm production costs must be driven down to a level that not only allows the farmer to sell to industry at a profit, but also allows him to put back into his land as much as he takes out. He must provide for depreciation just the same as any successful manufacturer. Mining the soil is the surest way to impoverish a nation.

What it costs to bring forth the produce of the soil is *everybody's* business. It is the key to social and economic security. It is a key that cannot be turned by one man or by a group of men. It must be the concern of everyone.

Whatever you can do, in whatever way, to help reduce farm production costs will be a definite contribution to your own and to the national welfare.

HARRY FERGUSON, INC. • Dearborn, Michigan

Ford Tractor with Ferguson System and Ferguson Implements

Heard Along Main Street

Savings Banks Honored

THE Savings Banks Association of the State of New York won first place in the state associations group in the annual contest conducted by the American Trade Association Executives for cooperative services to business men by trade associations.

The award was based upon the special aid given by the association to the war effort in promoting greater wartime savings and fostering of a post-war home building campaign. A prize will be presented during the American Trade Association Executives' convention in November.

The association's officers include: MYRON S. SHORT, executive vice-president, Buffalo Savings Bank, president; ROBERT H. STENHOUSE, vice-president and treasurer, Bowery Savings Bank, New York, treasurer; PAUL W. ALBRIGHT, general secretary; and WALTER R. WILLIAMS, JR., executive secretary.

Gunderson to A.B.A.

Appointment of CARROLL A. GUNDERSON to the staff of the A.B.A. Post-War Small Business Credit Commission was announced after BANKING's News Paper section had gone to press.

Mr. GUNDERSON has been assistant chief loan agent of the Smaller War Plants Corporation in Washington, having organized its field activities. He became associated with the government agency in 1942 as special assistant to the board of directors aiding in the organization of the loan bureau.

Mr. GUNDERSON has been interested in the financial problems of small business for many years. For six years he was with the Credit Utility Company, Inc., in charge of industrial loan business in the mid-central states. From 1929 to 1936 he was with the First Banc-credit Corporation, affiliate of the First Bank Stock Corporation of St. Paul. He managed the company's Chicago office in 1930 and later opened a New York office, returning to St. Paul in 1933 to assist in managing the company.

Mr. GUNDERSON also has been assistant secretary-treasurer of Northwest Airlines, assistant secretary of the First National Company, St. Paul, and assistant manager of the mortgage loan department of the Merchants Trust and Savings Bank of St. Paul.



Mr. Albright



Mr. Gunderson

Mr. GUNDERSON is a graduate of St. Paul College of Law, a veteran of World War I, a past president of St. Paul Chapter, American Institute of Banking.

Comptrollers

RAYMOND G. MARX, comptroller of The Riggs National Bank, has been elected vice-president of the District of Columbia control of the Controllers Institute of America. CLARENCE H. LICHTFELDT, comptroller of the First Wisconsin National Bank, was similarly honored by the organization's Milwaukee control, and CHARLES R. KEOGH, controller of the American National Bank was chosen president of the Indianapolis chapter. R. P. STEEN, cashier of the Seattle Trust & Savings Bank, and C. H. GORDON, comptroller of the Seattle-First National Bank, were chosen vice-presidents of the Seattle control of the national organization; WILLIAM E. SCHEIBLER, auditor of the Union Trust Company of Pittsburgh, was reelected treasurer of the Pittsburgh chapter, and WILLIAM T. WERSCHKULL, controller of The San Francisco Bank, was chosen treasurer of the San Francisco group.

CARLISLE R. DAVIS, vice-president and secretary, State-Planters Bank & Trust Company, Richmond, Virginia,

Mr. Davis



was recently elected president of the Robert Morris Associates. Other officers elected were: First vice-president KENNETH K. DUVAL, vice-president City National Bank and Trust Company, Chicago; second vice-president ERNEST E. NELSON, Brown Brothers Harriman & Company, Boston.

26 in Iowa Banks 50 Years or More

Twenty-six Iowa bankers are listed in the 58th annual convention program of the Iowa Bankers Association as having been in bank work for 50 years or more—most of whom are still active. Here is the record of those that are active:

JAMES G. WHITNEY, president, Whitney Loan & Trust Company Atlantic, who, after 66 years (April 15, 1878), claims the distinction of being the dean of Iowa bankers.

C. I. WHITING, president, Mapleton Trust & Savings Bank (October 3, 1878).

HENRY GUENTHER, chairman of board, First Trust & Savings Bank, Wheatland (March 1, 1883).

W. C. SHORT, president, Northwestern State Bank, Orange City (April 12, 1884).

GUY M. BUTTS, president, Exchange State Bank, Wesley (July 1884).

G. O. VAN DERVEER, cashier, State Bank of Waverley (August 16, 1886).

T. G. TURNER, chairman of board, City National Bank, Council Bluffs (September 1, 1886).

NORM F. BAKER, president, Farmers & Miners Bank, Lucas (December 14, 1886).

C. R. CARPENTER, president, State Bank of Fayette (February 1, 1887).

O. C. PERRIN, president, First State Bank, Greene (February 28, 1887).

W. W. MCORRY, president, Citizens State Bank, Oakland (March 27, 1887).

JOHN DUNLAP, president, Keokuk National Bank (September 12, 1887).

F. VON SCHRADER, chairman of board and president, Union Bank & Trust Company, Ottumwa (December 30, 1887).

FRED J. FIGGE, president, Ossian State Bank (October 8, 1888). Mr. FIGGE was president of the Investment Bankers Association in 1932-33.

W. H. ROSE, vice-president, Ft. Madison Savings Bank (Feb. 1, 1889).

(CONTINUED ON PAGE 88)



Lend these men money to modernize ... they are a good loan risk!

These farmers live in your county.

They have been doing an outstanding job supplying food for war. Their incomes are higher than ever before, and there are indications they will stay high for years to come.

But, like other businessmen, they are having trouble. Tools and machinery are wearing out and becoming obsolete. Frequently several men work long hours on a job one modern machine could do quickly and efficiently. The job pictured above could be done in $\frac{1}{2}$ the time with $\frac{1}{2}$ the labor using more modern ma-

chinery and efficient storage facilities.

And building repairs and replacements are needed to protect stored crops. Before food production falls off because of increased costs, these farmers *must* have new, more efficient tools and equipment. That's where you come in.

As materials become available for civilian use, you can lend them money to buy efficient machinery and erect up-to-date buildings, to improve and modernize. Then, they will be able to maintain top production at all times and realize a profitable

return on investment and labor.

The productive, money-making farm must be well equipped. The owner of such a farm is a good banking risk. And that's especially true if he modernizes with steel. Steel resists fire, lightning and severe weather. It offers safe, longer-lasting protection to crops, livestock and valuable tools. From the increased profits that high-speed machinery and efficiency-designed buildings make possible, the farmer can repay loans promptly.

The farmer who plans to improve with steel is planning a sound business. He is worth your attention.

CARNEGIE-ILLINOIS STEEL CORPORATION, Pittsburgh and Chicago
COLUMBIA STEEL COMPANY, San Francisco
TENNESSEE COAL, IRON & RAILROAD COMPANY, Birmingham
AMERICAN STEEL & WIRE COMPANY, Cleveland, Chicago and New York
United States Steel Export Company, New York

U.S.S Steel Roofing and Siding

A favorite with American Farmers



MAIN STREET—Continued

ALBERT R. BENBOW, vice-president and cashier, Lee County Savings Bank, Ft. Madison (October 9, 1889).

E. L. JOHNSON, president, First National Bank, Waverly (Fall of 1890).

GUSTAV GRADERT, president, Iowa State Savings Bank, Clinton (October 1886).

JOHN B. MAYER, cashier, Iowa State Bank, Hull (October 15, 1892).

E. P. FARNSWORTH, president, Cresco State Bank (Fall of 1893).

RALPH HINMAN, president, First National Bank, Primghar (Fall of 1893).

JOHN F. GUTZ, president, Pomeroy State Bank (May 13, 1894).

President Gidney

RAY MILLARD GIDNEY, for the past eight years vice-president of the Federal Reserve Bank of New York, has been appointed president of the Cleveland Reserve bank. He succeeds M. J. FLEMING who retired after 30 years as an officer of the Cleveland institution.

Mr. GIDNEY is 57 years old and a native of Santa Barbara, California, where he began his banking career 41 years ago.



Mr. Gidney

THE VALUE OF *Experience* IN MOVING LARGE BLOCKS OF SECURITIES

THE successful disposal of blocks of securities usually requires extensive facilities *plus* the valuable quality of *experience*.

We have been closely associated with secondary distributions for many years and with special offerings since their inception. This provides us with that invaluable *sense of timing* and "*know how*" that are of definite advantage in disposing of blocks of securities of all types and sizes.

Whether you have occasion now to seek such services for institutions, estates or large private investors, or expect to require them in the future, one of our executives specializing in such distributions would be glad to undertake to assist you. Related consultations are, of course, strictly confidential.

MERRILL LYNCH, PIERCE, FENNER & BEANE

*Underwriters and Distributors of Investment Securities
Brokers in Securities and Commodities*

70 PINE STREET

NEW YORK 5, N. Y.

Offices in 85 Cities

An introduction Through "Mail Call"

The story of how two employees of the National City Bank of New York stationed "somewhere in England" met through mail call was told by Pvt. EVERETT E. FORD in a letter to his bank and printed in *Number Eight*, NCB house organ:

"I am 'Somewhere in England.' During 'Mail Call' I was not able to be on hand so my buddy got the mail for me. When my name was called it was a copy of *Number Eight*. A Lieutenant said that it was his but my buddy said it was addressed to Pvt. FORD. The Lieutenant told him to tell Pvt. FORD he wanted to see me. I didn't know what was up, but I found him and was surprised when he told me he was from NCB also. His name is Lieutenant HENRY DANES.

"I sailed the ocean on the same boat with him and was under his orders, both on land and sea, and all the time didn't know he was a Citibanker."

93 Days in the Burma Wilds

The Chase, house organ of the Chase National Bank of New York, is authority for this story of Lieutenant CHARLES G. ALLISON. The Lieutenant, formerly a Chase page boy, after more than 100 missions with the Air Transport Command was forced to bail out while flying "the hump" between India and China because of engine trouble. After 93 days in the Burma wilds, Lieutenant ALLISON turned up as good as new.

"Flying a transport plane in the India-China Wing," *The Chase* reports: "Lieutenant Allison had passed his 100th mission when, while cruising the forbidden territory 'over the hump'...

(CONTINUED ON PAGE 91)

LABOR GIVES INDUSTRY MORE PER DOLLAR OF WAGES IN NEW YORK STATE



In Each of the Ten Leading Industries New York Is Either First or Second in the Value Added Per Dollar of Wages Paid.

● As a businessman you know that when you buy anything you consider not only what you pay—but *what you get*.

Impartial statistics show that labor in New York State gives industry more for its money.

There's a reason for this. 12½% of the skilled workers of the nation are in New York State. Here is a vast pool of diversified skills.

Good schools, good transportation, excellent living conditions and a wide and steady market for highly skilled craftsmen have brought these workers together in New York State.

Labor is Mature

What is more, in New York State labor is mature and stable. It has *learned the value of cooperating with management*. In a recent poll of New York State manufacturers, 92% attested their approval of this spirit of cooperation. Percentage of man hours lost due to strikes has been infinitesimally small.

How We Can Help

It is part of the function of the New York State Department of Commerce to help industry locate the man power it requires. If you are searching for a particular kind of skill, we should welcome hearing from you.

Furthermore, we can assist you on plant locations; get you a preview of taxes for a new enterprise; give technical service on new materials and new products; and help promote opportunities in foreign trade.

Accept This Informative Book

The services we can render are fully described in our book "New York Means Business." In it businessmen tell in their own words their experience with labor, transportation, markets and other factors of doing business in New York. Send for your copy on your business letterhead.

ADDRESS: M. P. CATHERWOOD

COMMISSIONER

NEW YORK STATE DEPARTMENT OF COMMERCE
ALBANY 1, NEW YORK



NEW YORK MEANS BUSINESS

PLYWOOD rides the rails!



Another Application proving the Durability of Douglas Fir Plywood

When a material proves itself strong enough and durable enough for railroad freight car construction—then that material must have what it takes!

Here again, Douglas fir plywood has been put to the test—and passed with flying colors. The Great Northern Railway specified plywood for all outside and inside sheathing on 1,000 new freight cars—cars which are now in service, demonstrating their ability to withstand rugged, rigorous, day-in-and-day-out service.

Other railroad car manufacturers, too, have used Douglas fir plywood extensively—as have the builders of PT boats, minesweepers, patrol boats, busses, and

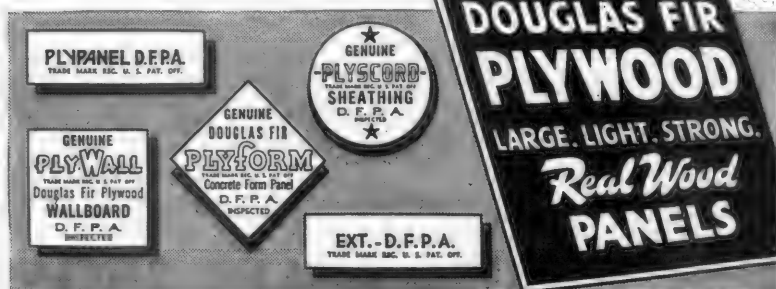
countless other items where strength and durability really count.

Architects and builders, of course, have utilized Douglas fir plywood for years—not only because of its rugged quality, but because it enables them to build more attractive structures of every kind.

There is a type and grade of Douglas fir plywood for all construction jobs—every type and grade meeting the rigid Douglas Fir Plywood Association tests and the strict requirements of U. S. Commercial Standard CS 45-42.

This modern "miracle wood" is an unusually versatile material—serving an ever-widening field. It's worth your most serious consideration.

Because of its many advantages, Douglas fir plywood today serves the war effort exclusively. It will be ready for general use again the moment these essential needs lessen.



Learn more about the modern "miracle wood". Write the Douglas Fir Plywood Association, Tacoma 2, Washington for detailed literature and technical plywood data.

SPECIFY DOUGLAS FIR PLYWOOD BY THESE "GRADE TRADE-MARKS"

MAIN STREET—Continued

the Himalayas, motor trouble forced him and his crew to bail out. They landed near a village and were guided on a five-day march to a mission, where they were snowbound for 50 days.

"With native guides the 23-year-old pilot and his crew left the mission on a 250-mile trek over snow-covered mountains and the brush. Averaging 10 miles a day, they arrived at an outpost in the hills just after their food supply was exhausted. Met there by a rescue party, they walked four more days to an airfield, where they were picked up by a Transport Command plane.

"It was an experience I wouldn't trade for anything," the lieutenant wrote to his mother, "but too bad to really put into words."

Lieutenant ALLISON won his wings in 1942, flew patrol bomber off the East Coast for a year before being transferred to Asia last Fall.

Front Seat

On "D" day at "H" hour, ROBERT McMILLAN, CM2c, Hollywood-Highland teller and one of Bank of America's 3,341 service stars, had a real front seat for the invasion of Europe, and many days following. He operated "rhino" pontoon barges which delivered men, trucks, tanks and guns from LST boats to the beachhead in France, under constant fire. As souvenirs he has a gold star on his European Theatre of Operations ribbon; shell casing from the second shot fired in the invasion.

Bob's window at the bank branch is now manned by his sister, SALLY.

A Real Job

Major JOSEPH R. KNIGHT, of the Continental Illinois National Bank and Trust Company, Chicago, now with the American Military Government units somewhere in Europe, writes:

"Our AMG work here is following a different course than it did in Sicily and Italy. As you know, there are recognized governments in London of most of the occupied countries. We did not have that situation in Italy until after the armistice. Consequently, we had military government straight away and my end of it was that of restoring financial institutions, including banks, to normal or near-normal. . . ."

The Islands

WILLIAM E. ENSLEN, former employee of the Republic National Bank, Dallas, Texas, writes in the current issue of the *Rambler*: "This is to let you know that I have moved—left the country.

Roblin H. Davis, president, The Denver (Colo.) National Bank and chairman, Denver War Bond campaigns, presents Treasury Department's star for distinguished service in the sale of War Bonds and Stamps to John E. Loiseau, president, Public Service Company of Colorado, which company sold nearly a half million dollars of War Bonds



IN ARIZONA...



*There's Cash on the Hoof
In This 65,000,000 Acre
"Home on the Range"*



It takes a lot of livestock to keep a nation fed. And it takes a lot of Arizona to keep its share of cattle and sheep moving to the nation's markets.

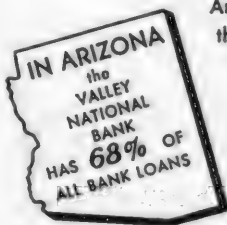
Arizona's 65,000,000 acres of range land is the starting point for many a Sunday roast—and many a business transaction along the way.

Today, a million head of beef cattle, plus 700,000 sheep, constitute a cash-on-the-hoof asset of 60 million dollars for Arizona. And there is another 60 million dollars invested in ranches and improvements, as well as in the highly developed facilities for breeding, feeding, slaughtering and shipping. Last year, that investment yielded a return of more than 30 million dollars! That's income, in capital letters!

Yes, there's cash in Arizona's livestock industry — wealth in Arizonans' pockets. It's a great, rich state for any business to enter . . . and grow!

Other industries — both large and small — will find Arizona worthy of serious consideration in shaping their post-war plans.

PROGRESSING WITH ARIZONA



19 FRIENDLY CONVENIENT OFFICES IN ARIZONA

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION AND FEDERAL RESERVE SYSTEM

"We are now in the Hawaiians and I have fallen for the place—I could write a book about it. We have everything we want, the best of food. Our cooks are as good as any in the armed forces. One is a Chinese, owner of a large New York restaurant. The only fault is quantity; they feed me too much. I think of you all back home and eat a little more for you.

"I had the good fortune of being sent to the bank for the first payroll. One thing I particularly noticed—they only use two kinds of bill straps, \$50 and \$500. The main office of the Bank of Hawaii has a lobby almost as large as ours back home. It has marble and glass

fixtures somewhat like our own. The tellers' cages are not covered, instead of a grill and glass doors they have a sliding glass door. The lobby shows the Hawaiian influence of native art and handicraft. Met several tellers and vice-presidents and all were most accommodating.

"I have been in service one year this month and I am ready to come home and go to work for the good old Republic again."

The Moors

Private JAMES J. CURTIN of the National Bank of Detroit, writes in the bank's *Service Star*:

"In case you people are wondering what has happened to me, this will report that I am in England, together with what seems to be the rest of the Army. Writing anything like a decent letter is difficult as we get darn little liberty and the censor is strict, just now for obvious reasons.

"This is a very beautiful country but it is best in the Spring when all the trees are in bloom. Of course, it isn't half as pretty as Congress Street on a dirty winter morning, but then maybe I'm prejudiced. One of Sander's concoctions would look mighty pretty right now, too!

"We are camped on a big estate—fact we can see the owner's mansion house from our tent, and he comes over once in awhile to borrow a cup of sugar. . . ."

Dog Fight

Lieutenant GILBERT F. BRADLEY of the Valley National Bank, Phoenix, Arizona, home on leave, tells of a battle with the Luftwaffe, in which he and his crew accounted for 15 Nazi fighters:

"The bomber had left from a Mediterranean base for a bombing raid against Regensburg, Germany, site of Nazi airplane factories. As she neared her target the bomber was beset by swarms of enemy fighters, rockets, and flak.

"The right waist-gunner was wounded, the tail gunner had a bullet through his coveralls. By luck he had just turned around and escaped death. Another bullet punctured a hydraulic tank near him and he was drenched with liquid. He thought it was blood but was relieved to find later that he was still alive. The left waist-gunner was killed, but only after he had accounted for four enemy planes.

"The ball turret gunner, sealed in his turret beneath the plane, escaped although a shell lodged in the gear while the plane was falling. The top turret gunner leaned over to inspect his ammunition and just at that moment a missile carried away the top of the turret another lucky escape.

"The nose turret gunner was wounded when a shell exploded under the steel seat. After three of the four engines had been shot out and silenced, Lieutenant BRADLEY signaled his crew to bail out. The lieutenant, although the last to bail out when the plane was near the ground, was uninjured.

"One of the 15 planes accounted for during this battle collided with another German plane which had been shot out of the sky, a double ring for the gunner."

(CONTINUED ON PAGE 94)

The OPEN DOOR To Stable Business

Among American cities, Cincinnati is unique for the stability of her business volume. Because we have been, since 1858, a dominant factor in Cincinnati's development, we are the logical bank to represent your interests here. We'll open the door to Cincinnati's stable business for you.

The **FIFTH THIRD UNION TRUST CO.**
CINCINNATI, OHIO

Member
Federal Reserve
System



Member Federal
Deposit Insurance
Corporation



(There are 212 Stars on the National Bank of Detroit Service Flag—Four are Gold.)

Detroit, National Prosperity—and Your Bank

... After victory, national prosperity will be even more closely linked to Detroit than ever before.

The genius, the management, the manpower, the resources and vision which make this city the Arsenal of Democracy and contribute so brilliantly to the war effort, will, led by the automobile* industry, be converted to peacetime production.

We, at the National Bank of Detroit, have been preparing—while constantly intensifying our war efforts—for the postwar day when we can place our resources, our experience and our unexcelled facilities together with those of business and industry in their efforts to maintain the highest levels of production and profitable employment. Our service will go far beyond providing credit and complete up-to-the-minute banking facilities to the largest or smallest accounts in a purely local way—it will become daily more world-wide in character.

We have as correspondents a big majority of the banks in Michigan; correspondent banks in all of the recognized trading centers

of the United States; and correspondent banks throughout the civilized world, including the liberated territories.

* * *

Our Correspondents Will Help

... Our correspondents are substantially more in number than ever before provided Detroit business and industry.

In every case they have able, alert management, thoroughly informed and appreciative of the interdependence of banking and commerce. They have, of course, the required resources and facilities.

If a distribution map of the state, the country, or the world, showing consumer purchasing power, were superimposed on a map spotting our correspondent banks, one would cover the other, point by point. As an example, of the 140 largest commercial banks in the country, nearly 90 per cent are correspondents of the National Bank of Detroit. Inasmuch as banks reflect the financial strength and trade of any community, the significance of this cannot be overestimated.

The advantage to our customers whose distribution goes beyond Detroit, or who purchase goods and materials outside Detroit, is that our correspondent bankers will meet their every banking requirement as we meet them here in Detroit. All who have used this type of banking service realize its importance—commerce and trade, at almost every stage, call for service which only a bank can provide.

* * *

Stern Competition Ahead

... Past experience completely confirms the necessity of an alert and helpful banking relationship in your home community. In the

stern competition which is to come, we believe it will be more important in the future than it ever has been in the past to have a banking relationship with strong, informed and ably managed representation throughout the country and the world.

May we suggest, while you are planning for reconversion and for the future, that you give us an opportunity to discuss with you the importance of our close connection with the world's principal banks, to assist you outside Detroit and supplement the complete service we offer in Detroit.

—H. Y. L., v.p.

* * *

*“The making and using of these (about 30,000,000 automobiles and trucks) was one of our largest industries—in fact, one out of every ten people was engaged in this business. The factories that made these cars, buses and trucks were only a small part of this business. It was also 90 per cent of the oil business, 80 per cent of the rubber, and 75 per cent of the plate glass, and smaller per cents of many others, not to mention the filling stations, sales and service, as well as tourists' cabins and hotels. It was a cross section of all American industry and was in evidence in every town and community.”

—C. F. Kettering, V. P. General Motors, in a recent national broadcast.

NATIONAL BANK OF DETROIT

Complete Wartime Bank and Trust Service

THIRTY CONVENIENTLY LOCATED BANKING OFFICES

Member F. D. I. C.

[This advertisement is a reprint from one of our weekly columns which appear in the metropolitan press, business and financial publications, and a subsidiary list of papers in Detroit]

People You Know

LOGAN R. RITCHIE, formerly assistant treasurer, Federal Land Bank of Baltimore, Maryland, and former chief examiner of banks for Virginia has been elected first vice-president, Farmers and Merchants State Bank of Fredericksburg, Virginia.

ARTHUR E. BRAUN, president, Farmers Deposit National Bank of Pittsburgh since July 1919, has been elected



Mr. Braun



Mr. Smith

chairman of the board. JOHN E. SMITH, vice-president, recently made a director of the bank, was elected president to succeed Mr. BRAUN. Mr. BRAUN will continue to take an active part in the

management of the bank. He is now serving as president of the Pittsburgh Clearing House Association.

W. J. WALLER, president of the Hamilton National Bank, Washington, D. C., and treasurer, American Bankers Association, has been appointed chairman of the District of Columbia War Finance Committee by Secretary Morgenthau.

HERBERT J. DAVIES, of Davies, Silverstone & Co., has been elected president of the Johnstown (Pennsylvania) Savings Bank, succeeding FRED KREBS, who retired recently in his 90th year.

JOHN H. SCHWON, assistant secretary, Guaranty Trust Company of New York, in its foreign department, has been elected a member of the National Panel of Arbitrators of the American Arbitration Association.

First Lieutenant RALPH C. GIFFORD, JR., son of the chairman of the boards of the First National Bank, Louisville, and Kentucky Trust Company, was killed in action in Italy, June 20, according to a recent War Department communique. The lieutenant was a note teller at the First National Bank when he enlisted in January 1942.

RUSSELL L. HOAK, vice-president, First National Bank, Elkhart, Ind., is helping out in the manpower crisis by working weekends as a brakeman on a New York Central freight run between Elkhart and Chicago.

JOSEPH M. DODGE has resigned the chairmanship of the War Department Price Adjustment Board and resumed the presidency of The Detroit Bank.

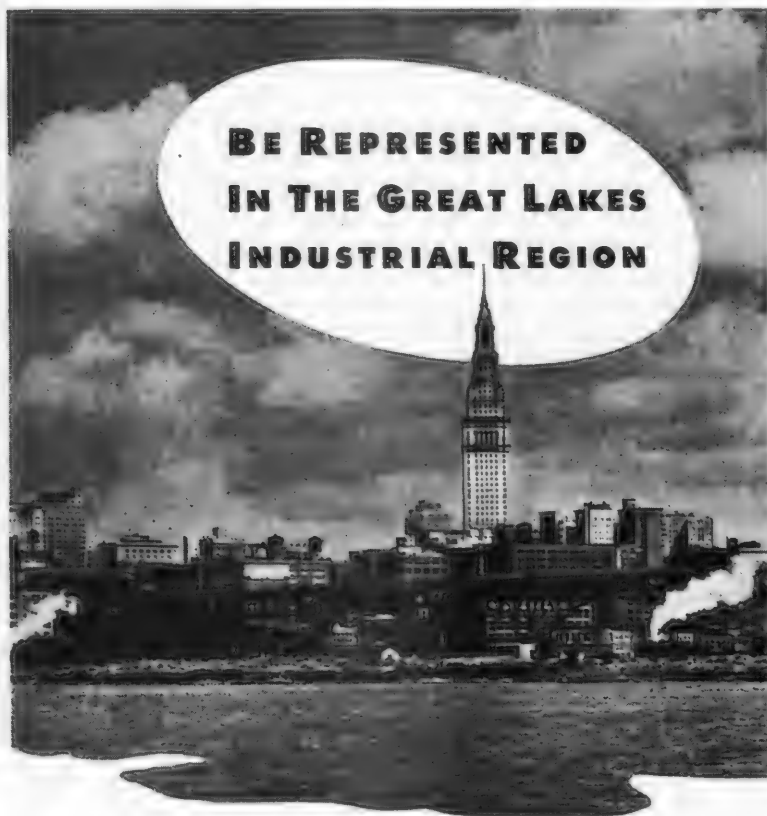
WILLIAM WHITE, president, Delaware, Lackawanna & Western Railroad and a director of Manufacturers and Traders National Bank, Buffalo, has been elected to the board of trustees of the East River Savings Bank, New York.

ROSS PIER WRIGHT, of Erie, Pennsylvania, senior director on the board of the Federal Reserve Bank of Cleveland, was recently honored by the bank's officers and directors



at a luncheon on his 70th birthday. Mr. WRIGHT is secretary, treasurer and plant manager of the Reed Manufacturing Company, Erie, Pennsylvania.

(CONTINUED ON PAGE 96)



Proper handling of the countless banking problems emerging from your dealings with industry in the Great Lakes Industrial Region centering in Cleveland, requires your having active representation in this area by a bank completely familiar with this industrial empire.

Central National Bank of Cleveland has gained valuable experience in its 54 years of successful dealings in this region. The benefits of this experience can immediately be placed at your disposal upon receipt of your inquiry.

CENTRAL NATIONAL BANK

of Cleveland

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



"Hey, Fellows, it's a boy!"

Days and weeks of silence from the pretty little wife that he'd left behind just when he'd most wanted to be with her. Then this brief but joyous message—"Son born—Mother doing fine." You can bet that *he* appreciates the American Red Cross. For it was the Red Cross that got the message through that substituted happiness for anxiety. The Red Cross was right there at home, too—Nurse's and Dietitians' Aides in the hospital; later home nursing service to see that

every little care was provided. Yes, the American Red Cross is doing *what it can* to do everything *he'd* want to do for her—as well as everything *she'd* want to do for him.

And this story might be repeated countless times all over the country and all over the world. So let's give a hand—a helping hand if possible—to this fine organization which knows no other reward than satisfaction in having been of service.



This is the eighth of a series of advertisements dedicated to the American Red Cross by

THE HOME INSURANCE COMPANY, NEW YORK

FIRE • AUTOMOBILE • MARINE

MAIN STREET—Continued

RALPH M. EASTMAN, vice-president of the State Street Trust Company, Boston, contributed an article on Boston's airport development to a recent issue of the *Gremlin*, published by Northeast Airlines. Mr. EASTMAN is chairman of the Aviation Committee, Boston Chamber of Commerce, and active in that city's Aeronautic Association.

LESTER E. SHIPPEE, executive vice-president of the Hartford-Connecticut Trust Company, has been named to the Executive Council of the American

Bankers Association to fill the vacancy caused by the death of THOMAS M. STEELE of New Haven. Mr. SHIPPEE is president of the Connecticut Bankers Association.

Lieutenant Colonel THOMAS S. LAMONT, a vice-president of J. P. Morgan & Company, Inc., is procurement officer for the Ninth Air Force Service Command in the European Theater of Operations.

M. S. SZYMCAK, a member of the board of governors of the Federal Reserve, Chicago, has been loaned to the Foreign Economic Administration for

economic conferences in London with Belgian government representatives.

JOE DENHAM has been elected a vice-president of the First National Bank of Memphis, Tennessee, and will be in charge of the Mississippi territory for the bank's correspondent bank division. Mr. DENHAM was formerly an assistant vice-president.

JOHN G. SONNEBORN, executive vice-president of The Ninth Bank and Trust Company, Philadelphia, was guest of honor at a recent dinner given by the officers and directors in recognition of his 50 years of service to the bank.

LUCIUS WILMERDING, a member of the firm of Harris, Upham and Company, New York, has been elected a trustee of The Bank for Savings in the City of New York. He is also a trustee of the Bank of New York.

ADDISON KEIM, formerly president of the First Trust Company of Albany, New York, has become president of the Albany Exchange Savings Bank. He continues as a director and executive committeeman of the First Trust which he has served 37 years.

FREDERICK W. GEHLE, vice-president of the Chase National Bank of New York, succeeds Nevil Ford as chairman of the War Finance Committee for New York. Mr. Ford resigned to return to his duties at the First Boston Corporation; however, he will serve as chairman of the executive committee of the WFC, succeeding W. Randolph Burgess, vice-chairman of the board, The National City Bank of New York, who has resigned.

WILLIAM R. WHITE, vice-president of the Guaranty Trust Company of New York and former New York State Banking Superintendent, will be vice-chairman of the New York War Finance Committee.

LOUIS D. BROOKS, formerly assistant cashier of the Charlotte Branch, Federal Reserve Bank of Richmond, has accepted a position as assistant vice-president of The Union National Bank of Charlotte, North Carolina.

Mr. Brooks



Mr. Gehle



BANKING

"...a trout stream in the front yard—mountains at the back door..."



WHO'S talking? Just a boy and a girl planning their future—the inherent privilege of all Americans.

In this country you've always traveled where you wished, settled where you pleased and tried your hand at whatever you chose.

That's the American way of life—the way the Founding Fathers meant it to be. It's *free enterprise!*

Take the case of Solomon Juneau, Byron Kilbourn, Alexander Mitchell and their associates—pioneer Americans with an *enterprising idea*. They envisioned a railroad extending westward from Milwaukee to the Mississippi River. In the face of skepticism and hardships, they planned, persevered, prevailed!

Built nearly a hundred years ago, this railroad became The Milwaukee

Road, eventually opening new territory clear to the Pacific Coast.

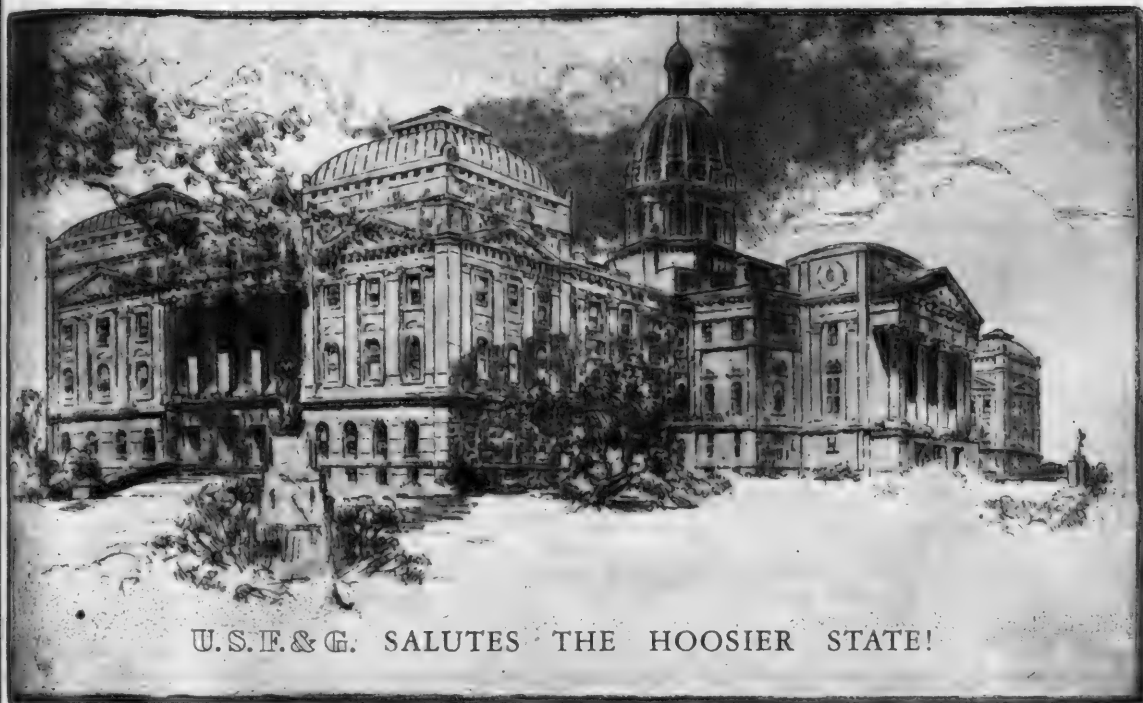
Sturdy pioneers—eastern tenant farmers, and immigrants, too—staked out farms in new country and became land owners. Clerks, with more courage than capital, left secure employment to open crossroads stores and become independent merchants. Blacksmith shops grew to great industries, and territories achieved statehood.

That's how the *American system* worked yesterday—and will work tomorrow. Men with ideas build railroads, or automobiles, or radios, or tractors. They tap new resources, found new marts—and constantly open new opportunities for others.

It has proved a good system. Let's not tamper with it—except as we must, temporarily, in achieving Victory—lest we win the war and lose our liberty.

THE MILWAUKEE ROAD

SERVING THE SERVICES AND YOU



U.S.F.&G. SALUTES THE HOOSIER STATE!

Indiana's Beautiful state capitol at Indianapolis . . . constructed largely of native Indiana limestone . . . is typical of the stately buildings that grace the Hoosier State. U.S.F.&G. is proud that its contractors' bonds helped assure construction of many of these imposing public works.

Indiana Builds to Last!

"PERMANENCE" is the word for Indiana. You can see it in her massive public buildings . . . in her rich farmlands, kept black and fertile generation after generation . . . in the stark strength of the Calumet region, one of the world's greatest industrial centers. Crossroads of America, Indiana is a state that looks to the future, a state that builds to last!

With this determination to build

strongly and well . . . this resolve to forge ahead in unchecked progress . . . it is only natural that Indianians should seek certainty in insurance. To serve this insurance-minded state, U.S.F.&G. requires a large branch office at Indianapolis . . . agency offices in 197 cities and towns throughout the state. Thus nearly every community in Indiana is served by a U.S.F.&G. representative.

This complete U.S.F.&G. coverage is not restricted to Indiana alone. Few communities in the United States, its territories, and Canada are without the services of a U.S.F.&G. agent. So wherever you are and whatever you do, look to your local U.S.F.&G. representative for guidance in all casualty insurance and bonding problems. Consult him as you would your doctor or lawyer.

Consult your insurance agent or broker



as you would your doctor or lawyer

U.S.F.&G.

UNITED STATES FIDELITY & GUARANTY CO.

affiliate

FIDELITY AND GUARANTY FIRE CORPORATION
HOME OFFICES: BALTIMORE 2, MD.

Financing Medical Bills

WILLIAM WOOD MCCARTHY

MR. MCCARTHY is vice-president of The National Shawmut Bank of Boston.

LET the doctor's bill wait" has been the usual attitude of patients toward their medical and dental bills. They provide for payment of store bills, payments on the car or radio, and make them promptly. But the doctor waits.

To meet this situation by placing medical expenses on a businesslike basis, a new plan—known as the Blue Triangle Plan—has been developed cooperatively by the medical men and bankers in Massachusetts. Devised by the Massachusetts Bankers Association through its Consumer Credit Commission, it has the hearty endorsement of both the professional societies, the Massachusetts Medical Society and the Massachusetts Dental Society. The plan is available through all their members and is open to all banks in Massachusetts to render this service through the professional men of their communities. Doctors, patients, banks—all benefit under the plan. It is a splendid example of cooperation directed to the public welfare.

MEDICAL men have already developed the Blue Cross—a prepayment plan for hospitalization—and the Blue Shield—a prepayment plan for medical care. Both plans are like insurance—fine if you have a loss and if the particular loss is fully covered. But what of the people who are not so insured or for expenses not covered? The Blue Triangle Plan fills those needs as well as promoting the undertaking of expense necessary for good health.

As far as banks are concerned, they are now rendering some help to this field through personal loans to pay for medical expenses. Loans for such purposes usually comprise the second or third largest classification among the reasons given by people in making application to borrow.

This same situation seems to exist among small loan companies according to their published records. Obviously a real need exists. With the plan, banks can render a distinct public health service and increase their volume of con-

sumer credit as doctors and dentists use the plan with patients who would otherwise take three to six months to pay.

This development will be a great help to the medical men who too often have mistakenly been patience personified with many people in the matter of their bills. Any hesitancy to discuss frankly the payment of their charges with their patients has been eliminated for medical men by the endorsement of the Blue Triangle Plan by their professional societies. Since the rates are low and easily explained, such a discussion should be just as natural as for a dealer who arranges payment for a car, radio or other appliance for the home.

The plan follows the natural sequence of financing a purchase through the dealers' credit arrangements. The use of the Blue Triangle Plan is arranged by the doctor with the patient at the doctor's office, patient's home, or hospital. The charges—which are lower than the usual charges for personal loans—are either added to or included in the doctor's fee. The patient signs a note for the agreed amount, payable in six, eight, 10, or 12 instalments. A simple credit application is obtained which the doctor or his secretary telephones to the bank. The facts are checked by the bank, and the doctor is notified when approved. In due course the signed note is presented by the doctor to the bank for discount.

Trade mark of the Blue Triangle Plan



To secure the doctor and the bank against loss, a reserve is set up out of each account on the books of the bank in the doctor's name. The need for a reserve depends on the credit of the patient and on the doctor's practice. By agreement, the reserve may be increased to cover even marginal situations, although the usual reserve will be about 10 per cent. It is paid to the doctor customarily as payment of each account is completed. As a result of the reserve feature, the advance by the bank is lessened and the term of its repayment shortened, so that the yield of the suggested rates averages closely with those of personal loans.

In addition to those already mentioned, the book which outlines the plan lists the following advantages for banks:

- (1) A steady flow of loans through participating doctors.
- (2) Low procurement costs after acceptance of plan by doctor.
- (3) Health is sound purpose of borrowing.
- (4) Plan provides proper elements of safety.
- (5) Every borrowing patient is potential customer for other bank services.
- (6) Increased volume of loans should reduce operating costs.

To the patient and doctor, the Blue Triangle Plan provides a quick, easy way to put medical bills on a practical basis. Also, the patient benefits by the lower cost, and the doctor by more prompt payment and the assurance of collection by the bank's business methods.

This is a sound plan for the future which starts right now. Time will be necessary for the plan to become the customary procedure. Medical men returning from service with the armed forces and young doctors getting established will welcome the plan particularly. Over the years, its use will expand. It is a fortunate time to start the plan now. Banks that do, gain the contacts and experience the plan provides which will pay good returns in the years that are ahead.

"Right
here,

MR. PRESIDENT ...



"At the STRATEGIC DISTRIBUTION CENTER of the INDUSTRIAL NEW WEST, the most favorable location for low-cost distribution . . . by rail, by air, by water, by highway.

"You see, Metropolitan Oakland Area is the western terminus of three transcontinental railway systems. And it is served by transcontinental airlines which are planning greatly expanded service after the war. This will be a big peacetime center for air freight to all parts of the Orient . . . and the World.

"This fastest growing industrial center is also a world port, with deep-water harbors and concrete and steel terminals and warehouses unexcelled in the West. Postwar trade with the Orient will provide an enormous outlet for your goods.

"As terminus of many contract and common carrier truck lines, Metropolitan Oakland Area is exceptionally well qualified to serve your company by distribution over the Coast's 27,000 miles of surfaced highways. Terminus, too, of four transcontinental bus lines."

FROM MANY OTHER STANDPOINTS Metropolitan Oakland Area would be the ideal location for your western plant. If you, like so many manufacturers, are working on West Coast peacetime plans, we suggest that you tell us your requirements so that we may submit, without expense to you, a *Confidential Special Survey* compiled especially to fit your operation. It will pay to have all the preliminaries settled so you can let contracts for your new plant as soon as the war is over.

Our free booklet, *Facts and Figures*, gives a brief outline of the highspots of the Metropolitan Oakland Area story. May we send you a copy? 3426

METROPOLITAN OAKLAND AREA
392 Chamber of Commerce Building, Oakland 12, California

The NATURAL Industrial Center of the NEW West

ALAMEDA • ALBANY • BERKELEY • EMERYVILLE • HAYWARD • LIVERMORE • OAKLAND • PIEDMONT • PLEASANTON • SAN LEANDRO • OTHER COMMUNITIES OF ALAMEDA COUNTY



LEADING WAR ACTIVITIES CENTER of the San Francisco Bay region because our hundreds of peacetime plants in many diversified lines were easily adapted to war needs. 22 shipyards on this mainland side of the Bay have built more than 25% of the Nation's wartime tonnage. Huge Army, Navy and Coast Guard establishments, built before



the war and now greatly expanded, make Metropolitan Oakland Area a Government wartime and peacetime center of first importance.

150 NATIONALLY KNOWN MANUFACTURERS have plants here. Upper: Standard Brands of California. Lower: Loose-Wiles Biscuit Co.

**METROPOLITAN
OAKLAND AREA**
CALIFORNIA

Mainland Gateway to the
Postwar Markets of the Orient



Supporting Farm Prices With CCC Loans

(CONTINUED FROM PAGE 51)

High Loan Price for Soybeans

NON-RECOURSE loans will be available to growers until January 31, 1945, on soybeans stored on their farms. However, the principal support for prices this year will probably come as it did last year from purchases by the government agency from warehousemen, processors, and dealers, and even direct from farmers.

The base support price this year is \$2.04 per bushel for No. 2 green or yellow, compared with \$1.80 last year. This year's price is considerably above parity, or in other words, above the price calculated to be "comparable" to parity, since there were so few soybeans grown in this country before the first World War that it is impractical to calculate "parity" on the usual 1909-14 base period.

A smaller crop than last year is in prospect, and the expected demand for oil is strong. Last year only \$474,000 of soybean loans were made to producers, but CCC purchased about 33 million bushels out of a crop which totaled 196 million bushels.

A soybean "banker's contract" has

been developed for banks to finance certain processors unable to borrow enough from regular channels to take care of their purchases from CCC for crushing purposes. This includes the usual guarantees from CCC and the usual $\frac{1}{8}$ of 1 per cent a month reimbursement for use of the banks' funds.

J. A. Krug was acting chairman of the War Production Board during the absence of Donald Nelson in China



HARRIS & EWING

Potatoes: Early Purchases and Late Loans

THE prices of early and intermediate potatoes were supported by the WFA through purchases and the use of "diversion payments." These payments were made to canners, dehydrators, and other processors for buying potatoes at support prices and turning them into by-products (e.g. starch and feed for livestock), at a loss.

It was announced last Spring that prices of late-crop potatoes would be supported this Fall only by commodity loans and diversion operations. These loans were expected to be made available from the middle of September to the middle of December, but at this writing this information had not yet been announced.

The 465 million bushels of potatoes produced last year set a record, but only about seven million bushels were placed under loans that amounted to \$6.7 millions.

This year production of potatoes in the country is expected to drop to 378 million bushels.

14,000 Banks Can't be Wrong!

...any banker knows that TIME IS MONEY!

And more than 14,000 banks throughout the country are saving time by using perforators for canceling checks.

Now is the time to order one of our silent... powerful electric check cancelers. Our SOUNDPROOF MODEL 76 is quiet... fast... easy to operate... cancels as many as 15,000 to 20,000 checks per hour. No levers or buttons to operate... just flip the switch and the machine is ready to use.

Legalize your documents by validated perforations



"MODERN PROTECTION"

Your PERSONAL LOAN Department Needs a Perforator Too

Be prepared for the increased volume of work in your Personal Loan department which is sure to come with the end of the war. Why use a slow method of hand marking? A Cummins Perforator will perforate an entire coupon book. Write us for literature and details now.

Cummins Perforator

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4740 RAVENSWOOD AVENUE, CHICAGO 40, ILLINOIS

PERFORATORS • CHECK ENDORSERS • CHECK SIGNERS

Citations to Bankers

(CONTINUED FROM PAGE 16)

At least three National Bank of Tulsa men have won citations thus far in the war:

Staff Sergeant THOMAS I. PARKS has been awarded the Distinguished Flying Cross. He is stationed in England.

The Silver Star has been awarded to Major SAM BROWN, who is stationed in Italy, and is credited with 15½ enemy planes.

Captain BRUCE LONG returned to the States this Summer, after 18 months in India and China, with 750 combat hours to his credit. He wears ribbons for pre-Pearl Harbor service, the Asiatic-Pacific theatre, the Air Medal, the Distinguished Flying Cross and the Presidential Citation.

Captain LONG was with the Air Transport Command, carrying supplies into China. He made 14 trips over "the hump."

Captain JOHN BLAIR, Squadron Leader and Bombardier with the Eighth Air Force in England, has received the Air Medal and four Oak Leaf Clusters for successfully completing 25 missions over enemy territory, also the Distinguished Flying Cross for successfully bombing targets and shooting down a Messerschmitt 109. Captain BLAIR also has received three Presidential citations and the European Theatre of Operations ribbon with two bronze stars signifying two major battles. Captain BLAIR was in the Comptroller's Department of the Bowery Savings Bank, New York before joining up.



Capt. Blair



MM 2/c Silkworth

Motor Machinist 2/c CHARLES E. SILK WORTH, also of Bowery Savings, was included in Presidential Unit Citations for service at his beaching station on an LCI during the invasion of Sicily and also during the invasion of Italy.

Technical Sergeant CHARLES L. CARTER, former teller in the Bank of Batavia, New York, was awarded the Air Medal and was credited with shooting down at least one German plane before he was killed in a plane crash at Ridge-

well, England. Sergeant CARTER was an aerial gunner and had completed more than 25 missions before the fatal crash.

Major MILTON R. STAHL, formerly vice-president of the Mississippi Valley Trust Company, St. Louis, has been awarded the Air Medal. He is attached to the Eighth Air Force in England.

Lieutenant GEORGE M. ROSS was awarded the Air Medal after completion of over 200 hours of ferrying and transport flights through areas in which the Japanese were operating. He was formerly with the Irving Trust Company, New York.



Lt. Ross



Capt. Jones

Captain EVON JONES, a former bookkeeper with the Deposit Guaranty Bank and Trust Company, Jackson, Mississippi, is back in this country after completing 216 operational missions over "the hump" between India and China. He was awarded the Distinguished Flying Cross for "extraordinary achievement in aerial flight," to which has been added three Oak Leaf Clusters.

This battle record of three former bank tellers employed by First National Bank of Paterson, New Jersey, speaks for itself:

Captain GARRET HAZEN, serving with the U. S. Army Air Force in the South Pacific, was awarded the Air Medal for bravery under intense anti-aircraft fire as the crew of his bomber sank a Jap ship. He recently was made squadron bombardier.

Lieutenant MARTIN NEWSTREET holds the Air Medal with three Oak Leaf Clusters and the Distinguished Flying Cross, awarded for service as a B-17 pilot. The Lieutenant was returned to this country after serving with the Eighth Air Force in England, where he was credited with 30 missions.

Lieutenant JAMES F. BENJAMIN also has completed 30 missions and he, too, was stationed in England. He has received the Air Medal with two Oak Leaf Clusters.

The Legion of Merit has been awarded to Colonel ROBERT V. LEE for his service as assistant to the assistant chief of staff, First Army, and of the Eastern Defense Command. The citation also commends his service as assistant chief of staff, G1, Eastern Defense Command, from September 1 to November 1, 1943. Colonel LEE was sent to England last November and is now a member of General Eisenhower's staff. Colonel LEE was assistant treasurer of the Chemical Bank and Trust Company, New York, at the time of his entry into military service.

Other Chemical Bank men who have recently received decorations include:

Sergeant WALTER KLEIN, who has received the Air Medal and the Distinguished Flying Cross, has completed 26 missions over Europe.

For his participation in combat missions over enemy-occupied Continental Europe, Technical Sergeant ALAN B. PURDY has been awarded the Air Medal and the Distinguished Flying Cross.

Captain HORACE MERWIN, formerly of The Bridgeport-City Trust Company, Bridgeport, Connecticut, was awarded the Air Medal with eight Oak Leaf Clusters, the Distinguished Flying Cross, and the Purple Heart while serving as a bombardier on a Flying Fortress. As a result of a wound during the Sicily campaign, Captain MERWIN's left leg was amputated.

From National Bank of Detroit comes word that two members of its staff have received the Distinguished Flying Cross. They are:

Lieutenant ANTHONY F. WAGNER, bombardier on a B-17 Flying Fortress, received the Distinguished Flying Cross for "extraordinary achievement" on a bombing mission over Europe. He previously had been awarded the Air Medal and three Oak Leaf Clusters. He has completed more than 20 missions.



Lt. Wagner



Lt. Walsh

Lieutenant JAMES V. WALSH, also a bombardier on a Flying Fortress, received the Distinguished Flying Cross

and the Air Medal with three Oak Leaf Clusters. He has completed more than 30 combat missions over Europe.

Four Bank of Manhattan, Company, New York, employees who have been cited for bravery:

The Air Medal was awarded to Flight Officer JOHN PARKIZ while he was serving as a bombardier on an Eight AAF plane over Nazi Europe.

Staff Sergeant GEORGE R. BORKHUIS was awarded the Purple Heart while with combat forces in Italy.

Technical Sergeant EDWARD E. MESLIN, Jr., has received a Presidential citation for his part in the achievements of the India-China Wing of the ATC in delivering goods to China via "the hump."

"For extraordinary achievement while participating in an aerial flight," the Distinguished Flying Cross was awarded, posthumously, to Sergeant CHARLES R. OWEN. Sergeant OWEN was killed when his plane, on which he was a waist gunner, received a direct hit while flying over New Guinea.

The next three citations went to staff members of the Valley National Bank, Phoenix, Arizona:

The Silver Star was awarded posthumously to Major JOHN G. BOYD for gallantry in action while serving on the Fifth Army front in Italy.

Second Lieutenant GILBERT F. BRADLEY, pilot of a Liberator bomber—the "Pistol Packin' Mama"—has received the Distinguished Flying Cross, the Air Medal and two Oak Leaf Clusters,

as the result of a tussle with the Luftwaffe, in which he and his crew accounted for 15 Nazi fighters.

The Air Medal was awarded to Second Lieutenant CHARLES B. CHRISTY, bombardier with the 15th Air Force in Italy, for "meritorious achievement."

Eighteen Guaranty Trust Company of New York employees have won military decorations in the present war. Here are four of them—more later.

Lieutenant JULIAN D. VENTER, USNR, was awarded a Silver Star for meritorious service with the Pacific Fleet.

Lt. ROGER L. OFFEN, Jr., an officer of the famed First Division, received the Silver Star for gallantry in action at El Guettar in Algeria during the North African campaign.

The Distinguished Flying Cross and the Air Medal with several Oak Leaf Clusters have been awarded to Captain CHARLES W. SCHÖBER, a B-26 pilot, for "extraordinary achievement while serving on bombing missions over enemy occupied Continental Europe."

Captain VICTOR H. PRENDINGER was awarded the Distinguished Flying Cross, after previous awards of the Air Medal and three Oak Leaf Clusters, for distinguished service as a Flying Fortress navigator in the European theatre of operations.

Four awards have been made to employees of the First National Bank of Chicago. Here are two of them:

The Purple Heart was awarded to Captain WARREN SCHEFFNER for wounds received at Guadalcanal. His platoon was selected to lead the assault against Mt. Aesten, a key point overlooking Henderson Field, and he was one of the first to reach the summit.



Capt. Scheffner



SK 3/c Kluge

The Purple Heart was awarded to Storekeeper 3/c NORMAN C. KLUGE, USNR, for wounds received in the Mediterranean area.

Banks are invited to send us the citation records of their employees, with pictures.

FORWARD WITH THE WEST

For more than half a century
CITIZENS NATIONAL BANK
has played its part in the gigantic
development of Los Angeles from a
sleepy little agricultural village to
a hive of industrial activity.

A bank so closely identified with the progress of the West
Coast over such a span of years, is especially fitted to handle your
banking requirements. We offer you our prompt and efficient
cooperation as your correspondent bank in this area.

ESTABLISHED 1890

CITIZENS NATIONAL BANK

TRUST & SAVINGS

HEAD OFFICE OF LOS ANGELES MEMBER
457 SO. SPRING, LOS ANGELES FEDERAL DEPOSIT INS. CORP.

Military Currency

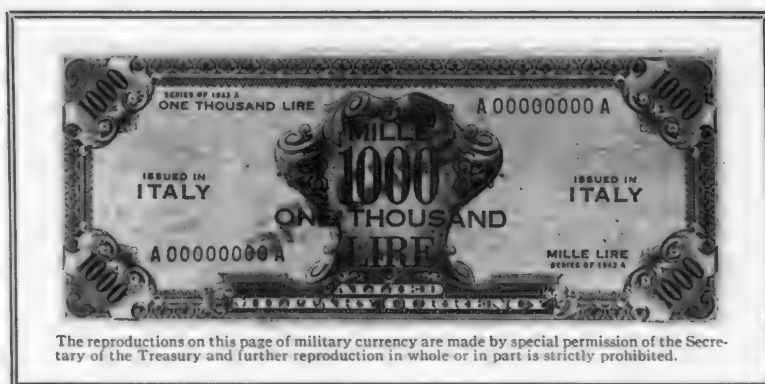
MILITARY CURRENCY printed or minted here has been sent to Europe by the ton. Press reports have disclosed that in Western Europe the liberating troops have been supplied with spending money on a variety of bases, differing from that which was followed in North Africa and Italy.

In liberated Italy, what with large invasion expenditures and shortages of goods, prices have been skyrocketing and the people have been wondering how the Allied military currency will ever be redeemed. The official exchange rate for the AMG lire is 100 to the dollar, but news correspondents report Italians paying 250 lire in the black market for an American dollar. Prices of many consumer goods are reported to have risen from ten to a hundred-fold in southern Italy.

In France the Allied armies have been using mainly invasion francs, including some specially-minted coins made of shell casings. Neither the franc notes nor the new coins indicate the issuing authority. When the invasion of Normandy started, General de Gaulle was reported as scorning the military francs, but with the ensuing diplomatic acrobatics that improved his political relations with Washington, or Washington's with him, no further squawks have been reported from that quarter.

The only official American explanation of the above matter was President Roosevelt's statement to his June 13 press conference. Mr. Roosevelt on that occasion brought the subject up himself, expressing surprise that no one had asked about it. What follows is not a direct quotation of the President, but is taken from a reporter's notebook:

The President said that when an army enters a country that has been occupied by the enemy, military goods are only part of what the Army needs. It is always helpful for the Army to have as



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well a little cash, both for the soldiers and for the officers. The latter need money for the local procurement of supplies, while the soldiers require cash to buy souvenirs or other things.

The President observed that, at the time of the Normandy invasion, we could not be sure that there would be sufficient French currency left behind in the areas vacated by the Germans. Therefore, he said, our officials held consultations in London with representatives of the French National Committee, with its finance minister here, and with the British. At these conferences a procedure for issuing special-type currency was agreed upon and the rates of exchange set at 50 francs per dollar and 200 per pound sterling.

In accordance with this understanding, the Bureau of Engraving and Printing produced the notes in Washington and they were delivered to London before the invasion. The President added that he assumed that these notes were then being used in France for the purchase of commodities by our Army and that of the British. Several times in the course of these remarks, Mr. Roosevelt emphasized the consultations which had been held with the responsible French officials. He also stressed the responsibility of the joint chiefs of staff in the operations. The President described the franc notes as being in eight denominations from two francs to five thousand francs.

The President stated that the French National Committee had particularly requested that no regular British or American currency be used in the initial invasion operations. He recalled experiences of the last war, when millions of dollars of American paper currency were hidden in French mattresses and con-

tinued to turn up years later. The President thought that some of that money was probably still in the mattresses.

According to Mr. Roosevelt, expenditures normally chargeable to military appropriations but paid for in the supplemental currency would be charged to the proper appropriations at the agreed-upon rate of exchange. A similar procedure would be followed by the British. The authority of the Allied armies is behind this supplemental currency, and when a stable government is established in France, the special notes will be retired in such a way as to protect all concerned. It is not the intention of the Americans or the British to cheat the French, the President observed.

The reason the supplemental currency was being issued by the military authorities rather than the French themselves, according to Mr. Roosevelt, was that there was no recognized authority in France that could issue the currency. The President cited international law to justify the issuance of currency by the commander-in-chief of an occupying army.

The President described efforts of the military authorities in occupied areas to prevent the development of inflation from American troop expenditures. Soldiers were being encouraged to send money home, and the Army was facilitating such transfers. The sale of War Bonds to the soldiers was being stimulated. Luxury and semi-luxury goods were being sold to Army post exchanges, and the soldiers were being prohibited from buying rationed articles in the open market, or eating in restaurants. Moreover, the Army procurement services made local purchases of supplies only when surpluses were to be found.

Asked whether General de Gaulle had approved the use of supplemental mili-

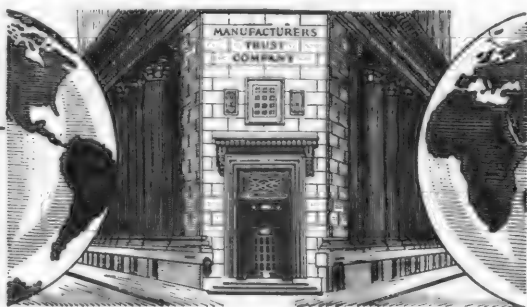


tary francs by the invasion forces, the President stated that he had not used the word "approved," but that he had said we had "consulted" with the French.

From Rome we are told that, in southern France, French forces are paid in metropolitan French francs whereas other Allied forces are using "a supplementary franc." Sometimes our troops, also, are paid in metropolitan francs.

An August news report had it that Washington and London were expected to transfer to the Algiers authorities—i.e., to the Free French—control of the issuing of Allied military francs. The

report added that in some way the military notes would constitute a French claim on the American and British governments. Certainly, there would seem to be a difference between the ultimate redemption of military currency issued in a conquered country like Italy, and in a liberated country like France. In New York small quantities of invasion francs can be bought from traders at 1¼ cents each, as compared with the official rate overseas of 2 cents. Traders explain that they have no way of getting the currency redeemed at the Federal Reserve Bank, since no official arrangements therefor have been made.



Commercial and Benevolent Remittances to Foreign Countries

Payments abroad can be effected now to many countries. As the Allied Forces liberate more territory, the transfer of funds abroad should assume important proportions.

Manufacturers Trust Company has been a leader in this field for many years, and has developed a technique which insures efficient and fast execution of payment orders. Banks throughout the United States are invited to use our exceptional remittance facilities.

We shall be glad to send you full information with regard to payments abroad that can be arranged now, and to keep you informed as remittances to other countries are allowed.

MANUFACTURERS TRUST COMPANY

Principal Office and Foreign Department
55 BROAD STREET, NEW YORK 15, N. Y.

Member Federal Deposit Insurance Corporation

In Holland, it is reported, the notes and coins used by the liberating forces will be issued on the sole responsibility of the Netherlands Government. Moscow is reported to have printed currency for the Czechoslovak government in-exile, with its approval.

Notes of the Banque Nationale de Belgique have been made available by the Belgian Government to the supreme commander, Allied Expeditionary Forces, for use of the Allied liberation forces in Belgium. These arrangements were completed some time ago between officials of the United States and the British Governments and representatives of the Belgium Government in London in anticipation of the operations of the Allied forces within Belgium. The notes consist in part of currency taken to London from Belgium in 1940 and in part of currency recently printed in London by the Belgian Government. In addition, the Belgian Government has similarly made available pre-war Belgian coins, and a new series of two-franc coins minted for it by the United States Mint.

The rates of exchange which have been established for Belgium are 43.75 Belgian francs to \$1 and 176.625 Belgian francs to one pound. These rates were selected by the Belgian Government in London. Complete records are being kept and a detailed accounting procedure has been set up in connection with the use of the Belgian currency by the Allied military forces. These records will be used in the future in reaching intergovernmental settlements.

ARRANGEMENTS have been made whereby U. S. military personnel may remit all or any portion of their pay which they receive in Belgian francs to the United States against payment here in dollars. United States soldiers leaving Belgium may exchange franc currency held by them for dollar currency. When United States forces obtain Belgian francs for military expenditures, the relevant Army appropriation will be charged for the dollar equivalent thereof. In this manner the control of Congress over the expenditures of the United States Army is maintained.

Some very interesting conclusions about military currency are to be found in Professor Richard A. Lester's recent essay, "International Aspects of War-time Monetary Experience," published by Princeton University. He concludes that the Japanese have been perhaps the most successful in their employment of military currency as a means of getting something for nothing.

HERBERT BRATTER

Meet President Burgess

(CONTINUED FROM PAGE 39)

Academy of Political Science, the Carnegie Corporation handling many bene-
factions, and the Mutual Life Insurance
Company. Also he is a director of the
Royal Liverpool Insurance Group. He
served a term as president of the
American Statistical Association.

When the war started abroad in 1939,
the Treasury asked Dr. Burgess, Tom
Smith and some others to supervise
the government security markets and
financing. Government officials remem-
bered what happened at the start of the
first World War when the markets had
go close and it was determined to keep
things on an even keel this time.

In the Summer of 1939 he was a mem-
ber of the public examining board
charged with inquiring into the pro-
cedure of the Stock Exchange. Other
members were Roswell McGill, Walter
Cummings and Carle Conway. In 1943
he was the successful chairman of the
campaign of the Greater New York
Fund,—New York's Community Chest.

During the Third and Fourth War
loans, Randy was chairman of the War
Finance Committee for the State of
New York. The drives were outstand-
ingly successful.

Writings IN 1927 his book "Re-
serve Banks and the
Money Market," was published. This
standard work was revised in 1936.

He edited for publication by Harper
in 1930 the volume, "Interpretations
of Federal Reserve Policy in the Writ-
ings and Speeches of Benjamin Strong."
Throughout his career, he has frequently
and effectively wielded the typewriter
in discussing financial questions.

Family RANDY and May have a
mutuality of interests that is
a story in itself. Mrs. Burgess is a
nationally known statistician, writer,
and research worker, having done a
considerable amount of professional work
before and after her marriage. It was in
the course of a long and arduous pro-
gram for raising the standards of nurs-
ing education throughout the United
States that her health was so impaired
as to compel today a very quiet life.
It is no secret that many important
banking problems are discussed by the
 trio of Randy, May and Leonard Ayres,
and that May wields a sharp pencil
when it comes to editing speeches.

They have two sons, Leonard Ran-
dolph who is now a 2nd lieutenant in the

Destroyer Corps and is in the European
invasion; and Julian Ayres, an ensign
on a destroyer in the South Pacific.
Curiously enough, both boys show dis-
tinct trends toward research.

Views and Opinions

Work for Service People

THE heart of the post-war problem
is to avoid the spending spree which is
the father of depression and unemploy-
ment. We face a double problem: First to
speed the reconversion and release the
blockade of regulations and penalties on
enterprise so that returning men and
women may be put to work; second, to
avoid a spending spree. In this balance
of forces the outcome will be greatly
influenced by what we do now—while
the war is still on—to lay the plans for
solid business enterprise, and to keep
the inflationary forces in check."

Saving

THE interesting and curious fact is
that today so many people are saving
money instead of spending it. There are
some conspicuous spenders, but good
estimates place the people's savings
today at an annual rate not far from
\$40 billion. This is the basic reason
prices have risen no faster."

Post-War Purchasing Power

THE basic forces which produced the

inflation of 1919 and 1920 are with us
today, but raised to the *nth* power.
Government deficits are much larger;
the increases in currency and bank
credit have been far greater. Thus a
much larger purchasing power has been
built up at a time when production
of consumer durable goods has been
curtailed. Before the war's end the de-
ferred demand will be far larger; for
automobiles, for houses, for radios,
for refrigerators, and a thousand other
things."

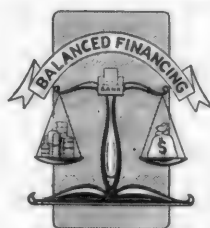
Reconversion

THE banks have an important part in
the reconversion program. Through our
V and VT loans we are in touch with
the reconversion problem and can aid
that process in one way or another.
Small business in particular will offer
an opportunity to the banker for pro-
viding the machinery for such loans as
can be made soundly and wisely, and
for guidance as small business makes its
changeover to peace. This needs ad-
vance planning and organization."

Cause of Depression

THE depression was a debt-paying de-
pression, an atonement for economic
sin. There are some people who try to
tell us that the depression was caused
by over-saving. Where were they, we
wonder, during the late Twenties while
all this was going on? For surely it was
over-spending and not over-saving that
preceded the depressions both of 1921
and 1931-39."

WILLIAM R. KUHN



FIELD WAREHOUSING Needs No Post War Plans

Help S-p-e-c-d Reconversion with collateralized
loans on inventory through our safe Field Ware-
housing Service.

Your customer's inventory can be made Bankable.

Field Warehousing Division

ST. LOUIS TERMINAL WAREHOUSE COMPANY

General Offices — ST. LOUIS, MISSOURI

CINCINNATI • KANSAS CITY • MEMPHIS • CHICAGO

Serving this Northern California Area



**AMERICAN TRUST
COMPANY**

Banking Since 1854

HEAD OFFICE:
SAN FRANCISCO

DEPOSITS OVER
\$600,000,000

MEMBER FEDERAL DEPOSIT INSURANCE CORP.

MEMBER FEDERAL RESERVE SYSTEM

Strategically Located For Canadian Collections

Just across the border from the Dominion of Canada, Manufacturers National Bank of Detroit has location, connections and facilities for prompt collections in Canada.

More and more banks throughout the country are routing Canadian collection items through Manufacturers National. Your bank, too, is invited to make use of our services.

★ Buy More War Bonds ★

**MANUFACTURERS NATIONAL BANK
OF DETROIT**

DETROIT

DEARBORN • HIGHLAND PARK

Member Federal Deposit Insurance Corporation

A Rubber Check for War Bonds

(CONTINUED FROM PAGE 23)

stolen. But the first thing to do is to make sure. The whole business doesn't sound any too well—cashing a check on a Sunday because a stranger needs the money, and all that." He frowned.

After 10 minutes on the phone his expression changed entirely.

"That check you cashed," he announced to Stringman as he hung up the receiver, "was stolen. The notification just came in this morning." He turned to the teller. "That was quick work," he said approvingly. "Good thinking." Then he looked again at the druggist. "Give me the description of this fellow again," he said. "Everything you can remember." He listened intently as Stringman went over his story in full detail, nodding as the druggist mentioned a slight squint. Then he picked up the telephone once more.

"A couple of us," he told them after finishing his call, "are going to take a stroll over to the railroad station. In this city that just happens to be the bus terminal, too. You fellows have been so fast, with the added luck of a quick report on that stolen check, that the man we want may not have left town yet."

"SHAN'T I phone the hotel to see if he's still there?" the druggist asked.

"Now, Mr. Stringman," the agent calmed him, "you don't need to do anything. He's probably never been at that hotel, anyway. Mr. Buell here has already done everything that's necessary. All you men can do now is wish us luck. That's for your own sake, too, Mr. Stringman—or you'll be out your hundred and ten bucks."

"Anyway, I've still got the bond."

Everybody looked at him pityingly. "That bond," the agent explained gently, as if to a small child, "is just window dressing. It was for you to bite on. That's all it was for: the thief knew he'd never be able to cash it. See?"

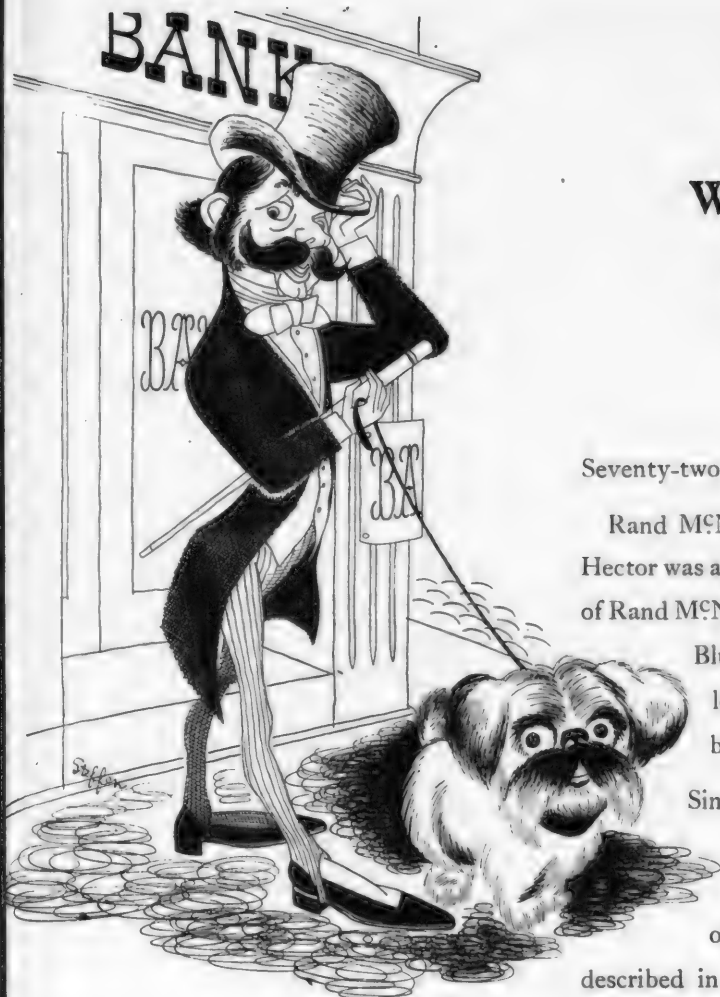
They both saw. And the agent left for the station.

Three-quarters of an hour later a clean-shaven man of medium build, with brown hair and a squint, came out of the bus terminal and started toward the New York bus.

"Just a moment!" he was accosted. A quick look in both directions assured him that the game was up, just as it assured the agents that this was their man. A detective was hurrying up.

"Nice going," he said approvingly. "By golly, the old man with the whiskers certainly does work fast!"

BANK



Hector would be 72 years old today

Seventy-two years old? *Right!*

Rand McNally has been serving bankers since Hector was a pup. It was in 1872 that the first copy of Rand McNally's famous Bankers Directory (The Blue Book) came off the press, filling a long-felt want among banks, investment bankers, and commercial concerns.

Since this early date, Rand McNally has made other and equally vital services available to bankers. Some of the more important of these are described in the accompanying panel.

Rand McNally Banking Services



The banker's Blue Book since 1872. Fingertip information about banks everywhere. 2,600 pages; completely revised every six months.



First published in 1883 to help keep bankers informed and up to date on current banking methods and procedures.



Rand McNally textbooks dealing with approved methods of bank management have aided bank executives and employees since 1929.



As official numbering agent of the American Bankers Ass'n, Rand McNally Bankers Directory has published the official "Key" since 1911.



Most recent service (since 1938) is the supplying of complete savings club materials. This is backed by our long association with banks and experience in the specialized field of numbered printing.

RAND McNALLY & COMPANY

Oldest publishing house of its kind serving the banking industry today

Chicago 5, 536 S. Clark St. • New York 11, 111 Eighth Ave. • San Francisco 5, 559 Mission St. • Washington 4, National Press Bldg.

Three Cheers for Us!

(CONTINUED FROM PAGE 31)

The second responsibility rests in the manner in which we make that money available and useful in the community. We can block or accelerate progress. We can be an obstacle or a constructive force. Once the money is on deposit with us, the inactive portion of the deposits is in our control—to use or to keep dormant. That is a terrific social responsibility.



It is not too difficult a job to run a bank on a dormant or semi-dormant basis—taking a lesser income it is true, but playing it safe by following the obvious trails, handling the collateralized loans, investing in government bonds and so on. It is a big job to search out new tangents, new angles, new applications for the use of money in ways that will contribute to

the public and community good, while still staying within the bounds of sound banking. Yet this latter is positively our social obligation as bankers. Repeated, the nature of our business is such that we either block or accelerate progress, because material progress pivots so largely around money.

The great error into which too many business and professional men fall is to become too deeply immersed in the technology of their business. Whatever degree of pride may be justified by technical accomplishment or improvement, pales into nothingness unless it has a correlative value in its significance to people. An improvement which creates greater appreciation by the people who use the service is far more important than a technical improvement, which pleases its creator or discoverer.

The fallacy into which too many men fall—and that goes for many bankers—is that they are always willing to research and to agree that further technical improvements are possible—while blandly assuming that their public relations are perfect.

They are always willing to study machines and methods—but are equally unwilling to study people.

Any banker who dismisses the question of public relations and public obligation as abstract nonsense loses sight of this one, all-important fact, that "banking is bigger than any bank." In common with all business men we are faced with one great post-war challenge—the survival of free private enterprise. The distinction which is ours in banking is that we will be one of the first to be challenged, because banking is more deeply integrated with the lives of people than any other business in the nation. Not all people need electric light or gas. Not all people need a telephone. Not all people are ill and need doctors or hospitals. But all people need money, and banks are the heart of the money system. So we come first to face the challenge: "Are we doing a job?" And that is not an individual question for an individual bank. *It is a question for the American banking system—and the individual bank stands or falls on the collective answer.*

THE most significant point about this question is that it will not be directed to the banks and the banks will not give the answer except by indirection. The answer will be given by the American public and their answer will be based on our performance. That performance will be represented by the policies we adopt, the actions we take, the services we render—plus the degree of understanding and appreciation we create in the public mind with respect to our contribution to industry, agriculture and society generally. *But the contribution must be there before we can talk about it. And as bankers we can't simply tell ourselves that we are doing a job. We must make certain of that fact—by studying public need and our service relation to it.*

Industry and business—with far less at stake—dealing with much less sensitive commodities—not nearly as subject to the whims, vagaries and fancies of the human mind—have already recognized the vital necessity for studied consideration of public attitude. Reason—they seek to please in order to sell. Banking has something to sell also—trust, confidence, satisfaction with its services, assurance that it is gearing itself to public need, understanding of the policies and principles upon which sound banking must always be based—in a word, banking has to sell itself and its continued existence through mass confidence, mass satisfaction, and mass understanding and appreciation.

That is the job of "public relations."

Third National Bank Knows Tennessee

When your customers ask you about the desirability of post-war plant location in Tennessee, feel free to call on Third National, Nashville, for information.

For Third National knows Tennessee — *every inch of it*. Our daily contact with business and industry throughout the state places us in a position to get you specific answers to specific inquiries. We shall be glad to help you in every way we can.



NATIONAL BANK
Nashville TENNESSEE

Member Federal Deposit Insurance Corporation

CREDIT—Plenty of Cooks

(CONTINUED FROM PAGE 28)

past history, one may safely conclude that legislative amendments will be found necessary.

State Loans to Veterans

SUPPLEMENTING Federal loans to veterans some states have already passed laws providing for state-guaranteed loans. The Consumer Banking Institute in August published an interesting description of New Jersey's Veterans' Business Loan Act (1944), creating a \$5,000,000 State Veterans' Guarantee Loan Fund to provide state-guaranteed bank loans up to \$3,000 to veterans to establish or reestablish themselves in business. The New Jersey law guarantees only loans to veterans by financial corporations under the supervision of the State Department of Banking and Insurance (except building and loan associations) and by national banks doing business in the state.

Between the New Jersey law and the GI act there are other marked differences not indicated above. Loans guaranteed under the former must be amortized within three years. The New Jersey guaranties may be made up to 90 per cent of the unpaid principal. The lender must pay to the guaranteeing corporation \$2 on each loan made, which \$2 is included in a \$10-per-loan bank service charge to the veteran.

The "Eccles Bill"

CONGRESSIONAL action on the Wagner-Spence, or so-called "Eccles Bill" (S 1918 and HR 4804), apparently is not expected before election. The bill would rejuvenate Section 13b of the Federal Reserve Act. Although many bankers and financial writers have criticized this proposal for Reserve-bank guaranties of loans to business as constituting "socialized credit" or the like, the plan may appeal to Congress, albeit with some limiting changes in the original language.

Utilizing as a guaranty fund the approximately \$139,000,000 originally subscribed by the Federal Reserve banks to FDIC stock, the bill would authorize the Reserve banks to guarantee financing institutions against loss on any loan to any business enterprise, and to make commitments to purchase any such loans.

SWPC

THE Senate-approved bill to add \$200,000,000 to

Wanted: Small Business Ideas

Ideas for small business enterprises that will help war veterans and demobilized war plant workers re-establish themselves as productive Americans are being sought by The Reader's Digest in a contest for \$25,000 in prizes. Enterprises described must be unusual, showing imagination and ingenuity; names and addresses of originators of actual businesses must be given; and each example must require only a small amount of capital and be adaptable to many communities. Entries cannot be more than 300 words long.

"The Lending Policy of Bank of America"

is to provide the soundest type of credit best suited to the need of every individual and of every established business no matter how large or small.

If any man or woman of good character and proved ability requires money for any worthy purpose—for business or for personal uses, no matter how specialized the need, Bank of America has, or will endeavor to provide, the type of credit that will be most helpful."

A. G. Fanning
Chairman of the Board of Directors

Bank of America has always made sound capital loans to large and small business to the maximum amount permitted by government banking regulations. Now Bank of America is pleased to be able to offer, through its 493 California-wide branches, a new, more liberalized lending service.



LONG TERM LOANS for Commercial or Industrial enterprises

Bank of America has a convenient method of making amortized time loans in bond or note form to business and industry. This type of loan is particularly well adapted to the concerns desiring to expand its operations as well as those desiring to refinance existing obligations.

From an advertisement of the Bank of America, N.T. & S.A.

SWPC's lending authority still awaits action by the House banking committee.

In the Senate the Murray bill to aggrandize SWPC and make of it a \$1,000,000,000 permanent Small Business Corporation also is marking time in the Senate Banking and Currency Committee.

The SWPC in August revised its loan regulations to ease the burden on its debtors when war contracts are terminated. This easing affects only SWPC loans made to provide working capital in connection with war contracts, and the termination must be for the Government's convenience. During the period until final settlement, service on such loans will be suspended and the interest rate for the interim will be lowered from 4 per cent to 2½ per cent.

Under the Contract Termination Act of July 1, SWPC is charged with disseminating information among small business men with respect to interim financing, termination settlement, and removal and storage of termination inventories. This it has been doing.

RFC

RFC this Summer published a booklet, "Bank Participation Plan," telling in question and answer form its method of procedure with reference to contract termination, reconversion and business loans. RFC's chairman, Charles B. Henderson, in this booklet says:

To meet the impact of the war and to give greater latitude in making loans our 31 loan agencies were authorized to make loans up to \$100,000 without reference to Washington and where a bank participates in a loan to the extent of 25 per cent of new funds, to make loans up to \$250,000 on the same basis. . . .

This corporation is not in competition with private banks or other lending institutions. We have from the beginning preserved the right of our state and national banks to make these loans in the first instance. We have participated with them and together have made thousands of loans which otherwise would not have been consummated. The transition period will require continued cooperation . . .

Let us, therefore, continue on the same mutually cooperative basis so that industry, both large and small, may have the assistance we are prepared to give.

U. S. Savings Bond Redemptions

FROM all available indications, the nation's banks are responding favorably to the U. S. Treasury Department's new plan, effective October 2, for Savings Bond redemptions. Participation in the plan should bring to banks added recognition of the essential role they play in the financial life of the community.

At present, more than 80 million people hold more than 600 million U. S. Savings Bonds of series "A," "B,"

"C," "D," and "E," representing an investment of more than 30 billion dollars. Nearly 90 per cent of these bonds are still outstanding. It is to be expected that as the number of bonds outstanding increases, the number of redemptions will also increase. Moreover, the "A" Savings Bonds begin to mature in 1945. This increasing volume made it necessary for the Treasury Department to establish additional facilities for servicing redemptions. Treasury officials therefore prepared a plan to expedite the redemption of Savings Bonds through the cooperation of incorporated banks and trust companies and called upon the American Bankers Association for help in making their plan workable and streamlined.

This new plan presents no basic change in the contractual relationship between the Treasury Department and the bond owner. U. S. Savings Bonds have been and are being sold to the people with full government assurance that they may be converted into cash upon demand any time after 60 days from date of issue. The new plan merely simplifies the redemption of Savings Bonds through the appointment of banks as redeeming agents.

WITH assurance that the full cash value of an eligible Savings Bond is now quickly and conveniently obtainable, the new plan will, the Treasury hopes, prove to be a factor in keeping redemptions at a minimum. In the past, a bond owner desiring to redeem his bond anticipated delay in payment and therefore usually started the redemption machinery working well in advance of his expected financial needs. In many cases these needs did not materialize and thus redemptions occurred that might have been avoided. The Treasury Department believes that the new method providing for immediate payment may be instrumental in eliminating many such unnecessary redemptions.

The plan has the further advantage of giving bankers an opportunity to encourage the holding of Savings Bonds in cases where cashing seems unnecessary. Many bond owners who may want to

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A.B.A.
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srumen
General
friend w

Your Atlanta Correspondent

...in the Post-War South

FULTON NATIONAL BANK
Atlanta, Georgia

MEMBERS: FEDERAL RESERVE SYSTEM-FEDERAL DEPOSIT INSURANCE CORP.



Investors Mutual, Inc.

Prospectus on request from Principal Underwriter

INVESTORS SYNDICATE

MINNEAPOLIS, MINNESOTA

REPRESENTATIVES IN THE PRINCIPAL CITIES OF THE UNITED STATES

"Henry has given up golf . . . all but the words!"



cash their bonds as soon as certain consumer goods become available may be receptive to a banker's well-timed suggestion that they hold their bonds in order to get the benefit of full maturity value.

There may also be a psychological factor involved, for human nature being what it is—with people usually wanting most those things which are hard to get and not wanting so much those which are easy to get—it may turn out that making the full cash value of Savings Bonds more easily obtainable will tend, in general, to decrease redemptions.

Still another effect of the plan, Treasury officials say, may be to increase sales. Greater promptness in payment should encourage the purchase of series "E" bonds by those persons who may heretofore have been hesitant about tying up their funds in securities which could not be liquidated quickly.

The new plan seems to have a three-point advantage: from the point of view of the Treasury Department, expanded facilities for redemption; from the point of view of the bond owner, a more serviceable investment with greater convenience and promptness in getting his money; and for the nation's banks, added recognition, goodwill, and opportunity for further service both to their customers and to the public generally.

WILLIAM T. WILSON, Secretary
A.B.A. Committee on War Bond
Redemptions

Death and taxes are no more certain than war and taxes.

In any concert of nations the wind instruments ought to be muted.

General Eisenhower waves greetings to a friend while conversing with two Norwegian airmen in France



HARRIS & EWING



1944 1917 1898 1865

GROWTH Through SERVICE

in War and Peace

THROUGH the turbulent reconstruction period following the Civil War — and through three great wars that have followed — through good times and bad, the Commerce has grown to be one of the Nation's largest banks. Today it ranks as the 40th largest bank in the United States.

Through the years, the foremost policy of the Commerce has always been one of service to correspondent banks . . . to be a useful, helpful, human factor in handling all correspondent transactions. You'll like the efficient, friendly services of the Commerce.

Commerce Trust Company

KANSAS CITY, MISSOURI

Established 1865

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Insurance Corporation

Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

(Member Federal Deposit Insurance Corporation)



The Chesapeake and Ohio Railway Co.

A dividend for the third quarter of 1944 of seventy-five cents per share on \$25 par common stock will be paid October 2, 1944, to stockholders of record at close of business September 8, 1944. Transfer books will not close.

H. F. Lohmeyer, Secretary

*Our borrowers like this
life-insurance plan*



GEARED to your needs

Many Personal Loan Departments, familiar with every type of life insurance coverage for their loans, find that Old Republic insurance is best suited to their needs. As a pioneer in this specialized field, Old Republic provides a comprehensive service, geared to your requirements. Details of the Old Republic plan have been carefully worked out to make the insurance advantageous to the borrower, to his family and to your bank.

OLD REPUBLIC
CREDIT LIFE INSURANCE COMPANY
309 W. Jackson Blvd. Chicago

THE NEW YORK TRUST COMPANY

Capital Funds Over \$50,000,000



100 BROADWAY
—
MADISON AVENUE
AND 40TH STREET

TEN
ROCKEFELLER
PLAZA

★
BUY
WAR
BONDS

Member of the Federal Deposit Insurance Corporation

Termination Loans

(CONTINUED FROM PAGE 46)

Where the Reserve bank, acting for the Government, guarantees The proportion of its interest income on the guaranteed portion the commercial bank must turn over to the Government is And the net yield to the bank on the guaranteed portion of the loan is

| (per cent) | (per cent) | (per cent) |
|------------|------------|------------|
| 80 | 10 | 4.05 |
| 85 | 15 | 3.825 |
| 90 | 20 | 3.60 |
| 95 | 30 | 3.15 |
| 100 | 50 | 2.25 |

While the contractor must pay its bank up to $4\frac{1}{2}$ per cent per annum interest on a T-loan, this is partly offset by the fact that the Government must pay to the contractor interest at the rate of $2\frac{1}{2}$ per cent per annum commencing 30 days after the date fixed for termination of the contract and ending with the date of final payment. Similarly, subcontractors, sub-subcontractors, etc., are permitted to charge $2\frac{1}{2}$ per cent interest after 30 days on unpaid balances.

The work of the OCS falls into four main divisions: (1) Interim financing; (2) accounting procedure in the preparation of claims; (3) settlement; and (4) property disposal. Formation of a separate personnel training unit is being planned to facilitate interim financing work in the banks on the one hand and settlement by the contracting agencies of the Government on the other hand.

The interim financing work is under the direction of Colonel Frank E. McKinney, president of the Fidelity Trust Company of Indianapolis and recently V-loan liaison officer at the Federal Reserve Bank of New York. Temporarily located in a private office building, by October the OCS is preparing to be housed in the building of the Federal Reserve Board.

The T-loan provides commercial banking with an opportunity to show its merits. If the commercial banks prove slow in getting on the job, the Government may be expected to step in with direct loans to business. The maximum interest rate of $4\frac{1}{2}$ per cent should provide an inducement to the banks. A point worth noting is that the SWPC will conform to the scale of fees mentioned above. SWPC has announced its intention to work through commercial banks on a repurchase agreement. Therefore, there will be no inducement to the average war contractor or subcontractor to seek interim financing through the SWPC, provided a commercial bank is willing to make the T-loan.



CHICAGO'S great fire occurred October 8-10, 1871, seventy-three years ago, taking over 300 lives and destroying \$200,000,000 in property. Six years before this epochal event in Chicago's history — in 1865 — Millers National Insurance Company was granted a charter in perpetuity to transact the business of fire insurance.

Next time, specify one of these strong, time-tested fire companies

MILLERS NATIONAL
Insurance Company
ILLINOIS FIRE
Insurance Company
HOME OFFICE: CHICAGO



BANK OF NEW SOUTH WALES

ESTABLISHED 1817

127 years' experience of all phases of development in Australasia enable this Bank to offer the most comprehensive service to traders, investors and travellers

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General Manager:
SIR ALFRED C. DAVISON, K.B.E.

London Offices:
29, Threadneedle Street, E.C. 3.
47, Berkeley Square, W. 1.

Agency arrangements with Banks throughout the World

(Incorporated in New South Wales with Limited Liability.)

Your Reading

War Contracts

THE LIQUIDATION OF WAR PRODUCTION. By *A. D. H. Kaplan*. McGraw-Hill Book Company. 133 pp. \$1.50.

THE Committee for Economic Development asked Dr. Kaplan, University of Denver economist, to make this study of the economic problems involved in the termination and settlement of war contracts, and the disposal of surplus supplies, plants and equipment. The book is primarily an analysis of the war production to be liquidated and its ef-

fect on the American economy as a going concern, with only incidental attention to administrative aspects of demobilization.

The study deals with the problems confronting industry in the cancellation of war contracts during and after the war; the magnitudes of the claims when contracts are terminated; the nature and size of the business inventories and the military surpluses at the war's end; the character of the war plant acquired by the Government, and the possibilities of its disposition.

How these matters are handled in the transition from war to peace will have a vital bearing on our ability to attain and maintain high levels of production and employment. The problem as a whole will be one of the most complex economic tasks the nation has ever faced. Large as the magnitudes are, Dr. Kaplan's report indicates that they do not justify defeatism.

Manual

EXTENSION AGREEMENTS WITH DEBTORS. A Manual of Procedures and Methods. By *Carl B. Everberg*. The Ronald Press Company. 132 pp. \$3.50.

THE author, a lawyer and credit insurance claims manager for a Cleveland bank, has written this volume out of his many years of experience in helping businesses distressed by financial trouble to get back into sound and healthy condition. The book is a practical guide to debtors and creditors, presenting workable and feasible agreements and arrangements of extension which will permit the rehabilitation of business on sound bases.

After explaining why the extension is indispensable for the gaining of time within which to reconstruct ailing business, Mr. Everberg deals with considerations and methods involved in extensions out of court and extensions in court. He also gives practical advice on the very important problem of how to handle the human relations involved.

Other Books

MANAGEMENT IN RUSSIAN INDUSTRY AND AGRICULTURE. By *Gregory Binstock, Solomon M. Schwarz and Aaron Yagow*. Oxford University Press, New York. 198 pp. \$3. This first book published under auspices of the Institute of World Affairs studies the machinery of Soviet management in industry and agriculture.

Can you spot
a counterfeit
note?

COUNTERFEITING

CRIME AGAINST THE PEOPLE

by *Laurence Dwight Smith*

*Author of Cryptography, the
Science of Secret Writing*

The Secret Service, the Bureau of Engraving and Printing and the United States Mint have cooperated with the author to make possible this clear and complete exposition of the counterfeiting of United States currency.

"A fascinating narrative."
— *New York Herald Tribune
Book Review*.

"A book that is of extraordinary interest and importance to bank people and all who handle money."
— *Banking*.

Illustrated • \$3.50

W. W. NORTON & CO., 70 FIFTH AVE., N. Y. 11

1944 Simplification Editions

DIGEST OF IMPORTANT CHANGES IN FEDERAL TAXES

• • • • •

TAX DIGEST AND MANUAL

For Individuals

Trust Officers and Publicity Directors of leading banks are now planning pre-tax season distribution of these informative tax folders. 10- and 12-page pocket-size, they contain clear explanation of new law, tax tables and check-lists. Now in 11th season. After two or three distributions, bank customers look forward to their appearance.

Low-cost distribution by mail—over-the-counter—and with statements, stimulates inquiries and frequently new business. Available with special back page message as well as title page imprint. Samples and quotations on application.

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Burroughs Clean-Copy Carbon Paper is furnished in sizes, colors, weights, finishes and grades to meet all usual commercial needs, from "one time" carbons to highest quality carbons for multiple impressions. For best results, standardize on Burroughs. Save money, too, through Burroughs Discount Purchase Plans. For full details, call your local Burroughs office or write Burroughs Adding Machine Company, Detroit 32, Michigan.

Burroughs
SUPPLIES FOR BUSINESS MACHINES



Investors Mutual, Inc.

DIVIDEND NOTICE

The Board of Directors of Investors Mutual, Inc. has declared a dividend of twenty cents per share payable on October 16, 1944 to shareholders on record as of September 30, 1944.

E. E. CRABB, President

"This adding machine is the stupidest thing
... I've gotten four different totals from
the same figures

